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CANADA

Debates of the Senate

1st SESSION • 34th PARLIAMENT • VOLUME 132 • NUMBER 1

OFFICIAL REPORT
(HANSARD)

Monday, December 12, 1988



THE HONOURABLE GUY CHARBONNEAU
SPEAKER



CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Monday, December 12, 1988

THIRTY-FOURTH PARLIAMENT

OPENING OF FIRST SESSION

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S DEPUTY SECRETARY, OPERATIONS

The Hon. the Speaker informed the Senate that a communication had been received from the Deputy Secretary, Operations, to the Governor General, as follows:

RIDEAU HALL

December 7, 1988

Sir,

I am commanded to inform you that the Right Honourable Brian Dickson, Chief Justice of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Thirty-Fourth Parliament of Canada on Monday, the twelfth of December 1988 at 9:00 a.m.

I have the honour to be,

Sir,

Your obedient servant,

Jean M. Sévigny

Deputy Secretary, Operations

The Honourable

The Speaker of the Senate

Ottawa

The Senate adjourned during pleasure to await the arrival of the Deputy of Her Excellency the Governor General.

The Right Honourable Brian Dickson, Chief Justice of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne,

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:

It is the desire of the Right Honourable the Deputy of Her Excellency the Governor General that they attend him immediately in the Senate Chamber.

• (0920)

The House of Commons being come.

The Hon. the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that Her Excellency the Governor General does not see fit to declare the causes of her summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen according to law; but this afternoon at the hour of four o'clock Her Excellency will declare the causes of her calling Parliament.

The House of Commons withdrew.

The Right Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL

OTTAWA

December 7, 1988

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Speaker's Entrance of the Senate at 3:50 p.m. on Monday, the 12th day of December, 1988.

When it has been indicated that all is in readiness, Her Excellency will proceed to the Chamber of the Senate to formally open the First Session of the Thirty-Fourth Parliament of Canada.

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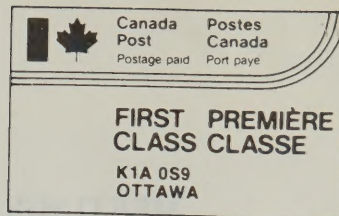
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(Subject to change from day to day)

Debates of the Senate

Tuesday, December 16, 1952

THE SENATE COMMITTEES



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**THE HONOURABLE GUY CHARBONNEAU
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THE SENATE

Tuesday, December 13, 1988

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE NO LATER
THAN EIGHTH SITTING DAY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the proceedings on the Order of the Day for resuming the debate on the motion for an Address in reply to Her Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, because of the unusual nature of the Speech from the Throne, dealing as it does with just one subject, should we not have the motion read "... be concluded no later than the eighth sitting day ..." instead of "... on the eighth sitting day ..."? Surely, we can conclude the debate before the eighth sitting day. It is quite a different matter with a full-fledged Speech from the Throne where there are so many subjects dealt with, but in this case I think we should modify it to say "... no later than the eighth sitting day ..."

Senator Doody: Honourable senators, I have no problem with that, but it really does not matter if this sits on the order paper for eight days and disappears or whether the terminology is changed now to make sure that the debate does not go beyond eight sitting days. It is a matter of small concern to me if senators wish to make that adjustment.

The Hon. the Speaker: Is it the wish of honourable senators that I modify the wording?

Hon. Senators: Agreed.

The Hon. the Speaker: The motion will now read:

... be concluded no later than the eighth sitting day on which the order is debated.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion, as modified, agreed to.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 20th December, 1988, at eight o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

[English]

THE CABINET

PRINCE EDWARD ISLAND REPRESENTATION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. Since the province of Prince Edward Island has gone Liberal red, since that province is not likely to be represented by any cabinet minister—

Hon. C. William Doody (Deputy Leader of the Government): Bonnell for cabinet!

Some Hon. Senators: Hear, hear!

Senator Bonnell:—and keeping in mind that all provinces should be represented in Cabinet, I should like to suggest to the Leader of the Government that he suggest to the Prime Minister that there are three excellent senators on the government side who represent Prince Edward Island, any one of whom could represent that province well in the cabinet.

We have, for example, Senator Phillips, who is the Government Whip.

Hon. Senators: Hear, hear!

Senator Steuart: This is known as the kiss of death!

Senator Bonnell: Senator Phillips was a member of Parliament for Prince County, the riding in which the fixed link was supposed to have been built—and I might mention that those who advocated that fixed link have all faded into oblivion—and I know that he would represent the government well. He has answered questions in this chamber in the absence of the Leader of the Government and the Deputy Leader of the Government, and he could bring forth many good responses on behalf of Prince Edward Island.

We also have Senator Macquarrie,—

Hon. Senators: Hear, hear!

Senator Bonnell:—one of the longest standing members of the House of Commons. He has been a member of Parliament since 1957—and I might add that he lives very close to the site of the proposed fixed link, at Victoria—and has represented that province well in the Government of Canada.

Then, since the Conservative Party was unable to elect a lady in all of Atlantic Canada, I must point out that we also have Senator Rossiter.

Hon. Senators: Hear, hear!

Senator Bonnell: It is only right, I think, that in the Cabinet there be female representation of Atlantic Canada. Perhaps Senator Rossiter would be the one.

As far as we in Prince Edward Island are concerned, honourable senators, we would be pleased if any one of those three senators could be named to the Cabinet of Canada to represent our province. That would do it justice and it would be much better served than it has ever been over the past four years.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, first, I welcome the belated recognition by Senator Bonnell of the great merits of my colleagues from Prince Edward Island. We have taken note of that. I have also taken note of his view that the election results, so far as Prince Edward Island is concerned, constitute a rejection of the fixed-link concept. I take it he is now personally opposed to that, and it is interesting to have that news on the record.

He will know that decisions regarding the composition of the ministry are made by the Prime Minister and will be announced by him at the appropriate time. I do, however, have to remind him that there were times under Liberal governments when there was no representation in the Cabinet from Prince Edward Island, although there were members of the House of Commons from that province. There were other times when there were no Liberal members of the House of Commons from Prince Edward Island, but Prime Minister Pearson and Prime Minister Trudeau did not see fit to appoint Senator Bonnell or other senators from Prince Edward Island to the Cabinet. Indeed, if I recall correctly, Senator MacEachen from Nova Scotia, then a member of the House of Commons—and Mr. Jamieson at another time—had the responsibility of representing Prince Edward Island's interests in the Cabinet.

Senator Petten: And they represented Prince Edward Island well.

Hon. Orville H. Phillips: I should like to ask a supplementary question to that of Senator Bonnell. Senator Bonnell stated that he is opposed to the fixed link. I would ask the Leader of the Government in the Senate if the Premier of Prince Edward Island has informed him whether or not he is also opposing the fixed link.

Senator Murray: Not recently, honourable senators.

Senator Bonnell: Honourable senators, I have a supplementary question. First, let me state that I do not think that the Premier of Prince Edward Island has ever said he is opposed to the fixed link. Therefore, the words "not recently" give a wrong impression.

Secondly, I would like to suggest that I have never said that I am opposed to the fixed link. Therefore, that is another wrong impression. The Conservative Party lost its four seats in Prince Edward Island by giving wrong impressions.

Honourable senators, if there is to be a fixed link, we want to ensure that the environment is protected. We do not want the environment of our province destroyed. We want an environmental study, and we want the people to be informed. We do not want anything underhanded. That is our rationale, and that is why we think any one of those three senators would protect us and look after our rights. They know our Island; they know our people; and they would do a good job.

[Translation]

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of Her Excellency the Governor General's Speech at the opening of the session.

Hon. Solange Chaput-Rolland, seconded by Honourable Richard J. Doyle, moved:

That the following Address be presented to Her Excellency the Governor General of Canada:

To Her Excellency the Right Honourable Jeanne Sauvé, a Member of the Queen's Privy Council for Canada, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces's Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

She said: Honourable senators, Mr. Speaker, I do not know if the rules of this House allow me to express to you my respect and deference to your decisions, but our friendship of many years prompts me to tell you how pleased I am to sit in this noble and historic chamber with all my colleagues, whatever their political beliefs.

Honourable senators, nobody here or in the other place could be surprised by the highly serene royal speech or, especially in the present circumstances, its conciseness.

However, the very distinguished colleagues around me would be surprised and probably quite taken aback if, in my maiden speech in the Senate, despite the trepidation I feel, I took the liberty of offering a very detailed analysis of the

strictly economic consequences of the Free Trade Agreement between the United States and our country. Canadians of all regions, of all opinions as well as of all origins seem to have understood better than most of our experts the democratic qualities inherent in this agreement. Of all our spiritual, intellectual and national resources, Canadian democracy that inspired American democracy and has been inspired by it is undoubtedly one of the most highly respected realities throughout the world.

The clauses of the Free Trade Agreement and the appeal tribunal that will decide on its orientations and perhaps its exaggerations are living proof of the open-mindedness between Canada and the United States.

[English]

The free trade negotiations may have been more arduous between those who set the rules for their respective countries than we suspect, but they have been, on another level, a model of friendship which has not passed unnoticed in far away countries that will be linked together in 1992 by a common market between nations and people who, in the past, have been more often enemies than friends.

● (1010)

Our free trade treaty ratifies the openness and friendship of one of the longest frontiers in the world and will recall to other countries that there was never division, dissention or revolution between our two countries, which we French-speaking citizens all over the world often call, respectfully,

[Translation]

... the mouse and the elephant,

[English]

meaning that proportions between the United States and Canada are akin to what ex-Prime Minister Trudeau once described—and I was present in the National Press Club in Washington—as “sleeping next to an elephant.” He added, “However friendly is the beast we feel every twitch and every grunt.”

Honourable senators, the very fact that a treaty of that nature will be signed soon—because Canadians expressed their confidence in its value on November 21—will demonstrate to the world that it is possible to come to terms with an overwhelming military and industrial power, because it is also possible, in a fraternal entente cordiale, to share the inventiveness of millions with the artistic incentive of thousands and yet be influenced in the right directions in cultural and industrial matters. Competition with the United States, when well understood, can be stimulating. This is precisely what the Free Trade Agreement suggests to older countries that have been traditionally at odds with each other.

[Translation]

Honourable senators, although many of us, individually and as an institution, have thought that these agreements with the United States could be a danger to the vitality of some of our industries, it is nevertheless true that any open-mindedness or freer trade between a weaker country and a stronger one is

[Senator Chaput-Rolland,]

irrefutable evidence that if the peoples of the earth wanted to reach agreements as we did with the United States, they could.

Canada is a prime example of a democracy that is based more on people's spiritual than material interests.

Honourable senators, let me say aloud that I did not come to the Senate to support those who for partisan reasons want to abolish or radically transform our parliamentary system. To be sure, I, like many others, reserve the right, if you allow me, one day to make some suggestions that I have accumulated during my career. At a time of free trade with our neighbours, protecting what distinguishes our institutions from theirs seems to me to be a supreme imperative for the vitality of our national identities.

The more we weaken our British traditions to which we are all attached, francophones, English-speaking people or those from any other country who have come to live with us, the more we model them on those created by the great American people, the faster, perhaps, we will disappear into our neighbours' melting pot. Honourable senators, although I am not naive enough at my age—

[English]

to believe and say that Meech Lake and free trade are of the same cement, I see both of these accords as conducive to a stronger Canada, because I cannot, and will not, accept the belief that our country and our central government might be weakened by the strength of our regions. Those who assert such false statements are precisely those who want a strong country at the expense of weak regions.

[Translation]

Honourable senators, I did not accept the invitation to sit here after living through difficult times—

[English]

to sit and sleep on things I want to tell you but to stand on the principles in which I have believed for the last 35 years. I do not intend to impose my will on others—and why should I? I also do not intend to display disrespect for the majority of Liberal senators. Yet I wish to say as clearly as I can that, when a majority of non-elected members believes that it has inherited a morality of decisions, then it does not serve its country nor its party very well.

Senator Frith: That is your opinion.

Senator Chaput-Rolland: Yes, it is.

● (1020)

[Translation]

The four new senators from Quebec have the honour to represent not only the choice made by the Prime Minister of Canada—to whom I express my gratitude—but also that of that province—to whom I also express my gratitude—following Premier Bourassa's decision to put us on his list. I, for one, will demonstrate first and foremost the respect which non-elected representatives should have for the legislative will of elected representatives. In my opinion, any infringement to this political order of things would only tend to frustrate the electoral democratic process which I hold in high esteem.

My loyalty to Canada also reflects the loyalty which Canada has for Quebec, the land to which I owe everything I am. Honourable senators, I must confess though that as a Francophone Quebecer, I have often wondered over the past forty years if Canada really considered me as a first class citizen, especially after its refusal to honour the promises made during the 1980 Referendum. The day will come when those of us who fought for the "no" through speeches in some 45 Quebec towns will have to clearly express our disappointment with regard to the aftermath of the referendum. But this is not the time to do so. I would overtax your patience and my ignorance of your rules if I were to venture into such dangerous grounds.

But after the elections showed the interests of citizens are reflected in the Right Hon. Brian Mulroney's Canadian beliefs, I am still more deeply convinced than before of free trade's and Meech Lake's advantages for a country that is just starting to benefit from the positive efforts and exceptional performances of the Conservative Government in finally institutionalizing and constitutionalizing the national reconciliation.

Honourable senators, I would like if I may to suggest that I will be neither too submissive nor too stubborn to the rules of this place. I will use all the energy still left in me to support the efforts of members of this House who like myself will want to restore the people's confidence in this institution whose prime goal has always been profound individual reflection and overall serenity, with partisanship and confrontation being its last goal.

As an aside, let me tell you that for more than 35 years I have been living at the heart of communications, being a journalist. I know this is not a very popular title, but just like you I am proud of my profession. Just like you, I am proud of the opportunity it gave me to meet hundreds of thousands of Canadians from sea to sea, to speak to them, to listen to them and to try to understand them from the bottom of my soul. To me, honourable senators, Canada's map is not simply a drawing in history text-books but rather faces, smiles, people who are hurting and searching. People who are tired of our in-fighting, who are asking us to solve their problems rather than adding new political problems to their own daily problems. I take the liberty to say so because rather than the thought of a new senator much too inexperienced to give lessons to anyone, this is primarily the product of 35 years of reflection, meetings, travelling through all provinces, all areas and most cities and villages of my country.

Honourable senators, I feel that our fellow citizens more and more need a haven of peace, islands of social and cultural security. In the coming months, despite a clear-cut victory, we will together go through difficult moments in the aftermath of the free-trade debate, of the efforts of those who openly seek to sabotage the Meech Lake Agreement and who do not care whether Quebec remains outside Canada. Of course, we are all anxiously awaiting the judgment which will be rendered this coming Thursday by the Supreme Court whose wisdom and profundity we do not doubt. This is why we will have to stick

together and provide our fellow citizens with the opportunity they are asking for.

As the great author François Mauriac once put it, "The people do not always know what they want, but they have a gut knowledge of what they do not want".

If need be, the peoples in Canada can accept political debates—the ramps to freedom of speech—but deep down they expect answers to their problems from their seniors, meaning by that most of us here in this House. This we have a duty to provide them without partisanship, in all friendliness, with the benefit of the experiences gone through by each of us who like myself have white hair. We have lived, won, lost, loved, suffered—there are things we know. One of those things is that even if our experience is not requested, honourable senators, it is still of great value. This is why I would like that in this House we be—

[English]

a group of individuals capable not only of a second sober thought but also of a third, a fourth, a fifth or even a tenth sober thought—but never a first somber thought.

[Translation]

Honourable senators, you have been more than patient with me and I want to thank you.

Hon. Senators: Hear, hear!

[English]

Hon. Richard J. Doyle: Honourable senators, our colleague, Madame Chaput-Rolland, said that she was suffering from stage fright. I hesitate to think how forceful she might be when she is not. I am, indeed, indebted to my colleague for a splendid statement on the motion for the adoption of the Speech from the Throne which is before the house.

However, it is my understanding that it is somewhat traditional for senators responding to the Speech from the Throne to say something of the region they represent in this chamber. It is an honour for me, I can assure you, to bring greetings from the splendid Province of Ontario—

Some Hon. Senators: Hear, hear!

Senator Doyle: —which, with customary modesty, hesitates to describe its endowments from the Almighty or the embroidery work that man and successive governments in Ottawa have done to those endowments. Indeed, the only doubt of the day might well be: "Will success spoil Ontario?"

I can put that proposition best by noting that no province of the Dominion and very few states of the Union face equal problems of garbage and waste disposal. Is our progress to be impeded by the vast quantity and unspeakable quality of what we throw away?

It is a fact that there are fewer unemployed in my province than the national average and even fewer in the city of my birth. Will that success spoil Toronto, where prosperity attracts the jobless from all parts of the country and every part of the world where men and women see migration as the only guarantee of a better future for their children?

• (1030)

So the airports are choked, the road systems are inadequate for the rushes and the apartment vacancy rate shrinks to half of 1 per cent. Being hooked on drugs is one escape from the tensions. Ontario wrestles with the dilemma that the riches of the cities and of the prime agricultural lands are spread very thin in the regions, particularly in the north, where miners and lumbermen extracted the bounty that originally fuelled much of the prosperity of the south.

It is all very well to build an opera house and a domed stadium to signal the success of Ontario. However, to face up to the issues that threaten to spoil it all is what must be done by the legislature that directs the future of this province.

The role that the Government of Canada must play in easing the difficulties of my province is not inconsiderable. The health and prosperity of Canada as a whole depend, to a great degree, on the continuing success of Ontario. That prosperity has just been entrusted for another four years to the Progressive Conservative government.

A previous Prime Minister, Mr. Pierre Trudeau, was given to reminding Canadians, when they were critical of his policies, that the only way they could change them was with their vote at the next election. I would not subscribe to the proposition that the ballot box is the only vehicle for effective expression of dissent; nor would I expect any member of this chamber to champion that thesis. Indeed, in its first mandate—the greatest ever given to a government of this country—Progressive Conservatives demonstrated a willingness to listen to and to act upon the response of the people to government initiatives.

Was that not the case with free trade with the United States, which had not been advocated in 1984 but which was found to be the wiser course when our great neighbour to the south entered upon a protectionist course in 1985? It was that year, honourable senators, that this chamber chose to participate in the joint parliamentary committee which held public hearings on free trade across this country. From Halifax to Vancouver, under the chairmanship of Mr. Tom Hockin and Senators Flynn and Simard, we listened to the briefs of businessmen, union members and consumer advocates. We came back to Ottawa, after an exciting summer of listening and arguing, and we prepared our report to Parliament. We urged that the Prime Minister immediately undertake the steps that would lead to a treaty that would produce freer trade between the United States and Canada. Both Liberal and Conservative members signed that report. When that treaty was agreed upon, it went to the Foreign Affairs Committee of this chamber and, at the end of six months, the chairman, Senator van Roggen, in an article of praise in *The Financial Post*, described the agreement as salutary.

The opposition insisted, and the Liberals in the Senate made certain, that the free trade issue was unresolved when the election was called. It was a use of Senate power beyond the reasonable purposes of this place. At least, that is my opinion and the opinion of many Canadians from whom more will be heard when the Meech Lake Accord has been ratified and

Senate reform comes to the agenda of the First Ministers, as it most certainly shall in this new mandate.

But in the meantime free trade was the most discussed of all the issues before the Canadian people in the 1988 election. That ballot was not a one-issue referendum; in the end it had much to do with which party the people believed was best fitted to deal with the management of this country in the next four years. The management record of the Conservatives in the last four years, as the opposition kept reminding us, was another vital factor in the decision-making process.

As many of my colleagues on both sides of this chamber—colleagues who involved themselves in the campaign—can testify, there were questions asked on many matters, although we were never too far away from things related to free trade.

It was my privilege to speak at several campaign gatherings in Ontario, including those held at homes for senior citizens. At one meeting I was introduced as a “real, live senator”. I will tell honourable senators, as I told the audience, that the description was a compliment that would please any member of this chamber. To be realistic and to be lively was implied, and what more could a senator ask?

At the same meeting a woman in a wheelchair, who had a formidable visage and a firm voice, told us that she was tired of hearing all the nonsense about people in the homes and how they were worried sick about losing their pensions and their medical aid. “I’d be concerned”, she said, “if I thought there was any truth in that, but what I’m really worried about is what’s going to happen to my grandchildren, and nobody’s talking about that!” I should not have been surprised. Most older people I know are not selfish; they are concerned that the generations that follow them will be spared the trials they faced and will be open to opportunities they did not know. The woman who spoke up could accept free trade and rewards that might not be fully realized for ten years. She could accept that by voting for a candidate who seemed best equipped by record and by intent to provide prudent management of her country. Matters of such consequence are not settled by plebiscites.

I was reminded, honourable senators, of lines from the report of the commission which Mr. Trudeau appointed to look into the economy. Honourable senators will remember that that commission was headed by Donald Macdonald, the former finance minister who, three years ago, told us:

Protective barriers may seem on the surface to offer a measure of security in an uncertain environment. We must also recognize them, however, as unmistakable confessions of weakness. Until these barriers are gone, the exhilaration that can come from a true sense of maturity will remain beyond our reach.

How I have wished that those words had been on the tip of my tongue that morning in the senior citizens’ home!

Yesterday, in the Speech from the Throne, Her Excellency noted that the people had spoken in an election and that we would be moving in this session to implement the free trade legislation so that it might be in place on January 1, as

scheduled. That will secure the benefits which the agreement provides.

It is encouraging to me to note that in statements to the press senators on both sides of this chamber have indicated their intention to deal with this historic business with dispatch.

Later, as the Governor General indicated, there will be another Speech from the Throne, at which time the government will set forth its agenda for the days ahead. It is then that we might anticipate legislation dealing with child care and broadcasting and with new initiatives for Parliament's consideration. It was here that Her Excellency spoke of the renewal which is the essence of Canadian democracy. For "real, live senators" renewal is an invigorating challenge.

Honourable senators, it is well that we dwell on the bright promise a new session brings to these precincts. The mood of optimism is heightened, too, by the fact that we are together again on the eve of the holiday season when differences of outlook and persuasion are dimmed by the sharing of traditions, beliefs and hopes.

Yet it is impossible to ponder our own good fortune without acknowledging that all pleasure is clouded by the great tragedy which has befallen the people of Armenia. Last week's earthquake was one of the greatest disasters of our history. It is almost impossible for us to conceive of loss of life on such a scale or damage to property so extensive.

From all parts of this cynical world of ours aid is pouring in to the crushed and rubble cities—Spitak, Leninakan, Kirovakan and Stepanavan—places that most of us had scarcely heard of a week ago. Our government has committed \$550,000 in relief and has promised \$5 million more. Mr. Clark has offered expertise in clearing the ruins left by the quake. Help from Canadian organizations and individuals has been swift and generous.

But how little it seems to those who give. Whatever, it goes with prayers for rescue and recovery and with understanding of the special grief of Armenian Canadians.

Hon. Senators: Hear, hear!

On motion of Senator Gigantès, debate adjourned.

PRIVILEGE

Hon. H.A. Olson: Honourable senators, I should like to raise a question of privilege. My question of privilege has to do with the action that has been taken by the members of this chamber, in an unusual sitting—in that the Senate met at ten o'clock this morning—to do away with the sittings for the rest of the week, and the main reason for my rising is that this action also washes out all of the Question Periods for this week.

Honourable senators know full well that we have not had a chance to get at the government for over three months to ask questions that we have an obligation to ask and that the government has an obligation to answer. I wanted to raise a number of questions about the rescue team that is being held up at Mirabel Airport in Quebec, which has been trying to get

over to Armenia to be of assistance. It is comprised of trained people from western Canada who have carried out this sort of operation before, and the government did not give them the kind of clearance they needed in order to be part of that rescue operation, which the whole world realizes is so desperately needed. I wanted to raise questions about Canada's failure to respond to the speech made by Chairman Gorbachev at the UN a few days ago. I wanted to raise questions about the GATT meeting and the absolute failure of Canada to do anything positive respecting the agricultural problems that were brought up there.

● (1040)

I know what happens. You ask a question and the Leader of the Government, who is responsible for giving or obtaining the answer, takes the question as notice, and sometimes you get an answer a few days later. Anyway, he has an obligation to carry such questions to the ministers who are responsible and to come back with answers. Now that is not going to happen.

I say to you, honourable senators, that it is an irresponsible act on the part of this chamber to meet for one short Question Period and then adjourn for a week, when we have all those matters in which the Canadian people are interested, in which they are desperately interested in some cases, and now we do not even have a chance to get at the government.

Senator Flynn: You have a chance now!

Senator Olson: I understand that, but when you were sitting on this side of the house you had an obligation to ask the questions; and we accepted our obligation when we sat over there to provide answers to them. That does not happen anymore, and I am getting fed up with the way this government responds to its public responsibility.

Senator Flynn: That is not a question of privilege!

Senator Olson: It is a question of privilege—

Senator Flynn: No!

Senator Olson: —because we are changing the rules of this house. Normally, we meet at two o'clock. I had an appointment at the hospital at ten o'clock this morning so, after you changed the hours of sitting, I was unable to be here.

Some Hon. Senators: Oh, oh!

Senator Olson: I don't like it, and it is wrong in my view. I know my colleagues agreed to sitting at 10 a.m.—I was not at that meeting either—but I object to the Senate's abdicating its responsibility to provide an opportunity for members of the opposition to ask questions and to oblige the Leader of the Government to seek answers to them.

I know that you are going to go through the process. You have leave to adjourn a little later until next Tuesday, but I give notice now that there is not going to be unanimous consent any more for this chamber to abdicate its responsibility and adjourn so that we wash out Question Periods.

Senator Flynn: We had one when you were not here!

Hon. C. William Doody (Deputy Leader of the Government): I think the honourable senator is very exercised, and I really do not know what got him so excited this morning. I hope that his trip to the hospital was not in any way—

Senator Olson: If you understand plain English, you might have heard what I just said! I want some Question Periods.

Senator Doody: I heard the honourable senator say that he was upset because he did not get to Question Period this morning.

Senator Olson: Yes, and now there will be no Question Period tomorrow.

Senator Doody: I am sorry about that. I regret very much that happening, but the major thrust of his complaint appears to be one of not having communication with his caucus. I had no problem at all in discussing this matter in our caucus, and the people on this side agreed that this was the procedure we would adopt. My understanding was that the people on the other side did exactly the same thing.

If Senator Olson did not communicate with his people or did not have them communicate with him, then I am sorry about that, but there is nothing I can do about it. If there are enough senators here who want to come back tomorrow, or this evening, or this afternoon, or any time that is convenient for them, then certainly we are prepared to do exactly that. There is no desire to cut off Question Period and there is no desire to deprive the honourable gentleman of all the information he needs about these matters of tremendous import that he has raised, and we will see that he gets the information as soon as the Senate is prepared to sit and discuss them.

Senator Olson: I am glad it is in writing.

Senator Doody: In the meantime, I feel that there was no question of privilege.

Senator Flynn: It is as if he was born yesterday!

● (1050)

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

Leave having been given to revert to Notices of Motions:

Hon. Henry D. Hicks: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(d), I move, seconded by the Honourable Senator Molgat, deputy chairman of the previous Special Committee on National Defence—Senator Marshall is not here and that is why Senator Molgat is seconding this motion:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman,

[Senator Flynn.]

Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.

May I be permitted a brief word in explanation, honourable senators?

Hon. Orville H. Phillips: Before the honourable senator does that, may I rise on a point of order? I believe the motion as moved by the honourable senator is out of order. My understanding of the rules is that the Committee of Selection, not the individual moving such a motion, selects the members of the committee.

Senator Hicks: In reply to that I would say that this is not a select committee: this is a special committee and one which is being continued from the previous Parliament.

I should say, if I may be permitted to go a little further, that the committee was within a few weeks of completing its work when Parliament was dissolved. Had we had another three or four weeks the work of the committee would have been completed and the report would have been ready by the middle of December, which was the original undertaking.

As it is now, of course, certain delays have been introduced. It is important, I think, that this work be finished as quickly as possible. I should say that there is enough money left in the budget in this fiscal year—

Senator Phillips: There is no budget.

Senator Hicks: —to pay for the work of the committee. I agree that this committee has to be reconstituted, but the moneys have been budgeted for and are there. I think it is of vital importance that the work of this committee be completed as soon as possible.

I asked for leave to make this motion so as to reconstitute the committee and to complete the work of the committee as quickly as possible.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Royce Frith (Deputy Leader of the Opposition): No.

Hon. C. William Doody (Deputy Leader of the Government): No, honourable senators.

Hon. Jacques Flynn: Senator Hicks was granted leave to give notice of this motion, not to proceed with it.

Senator Frith: Yes. It will be dealt with at the next sitting of the Senate.

The Hon. the Speaker: This is a notice of motion; so it will appear on the order paper at the next sitting of the Senate.

Senator Doody: Yes.

Senator Hicks: I would be satisfied with that, honourable senators.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Before I move that the Senate do now adjourn, honourable senators, I should like to say how impressed I was with

the speeches given by the mover and the seconder of the motion for an Address in reply to Her Excellency the Governor General's gracious Speech from the Throne. They were two of the finest performances I have heard here and I simply want to congratulate them both.

Having bootlegged that in, I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, December 20, 1988, at 8 p.m.

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CANADA

Debates of the Senate

1st SESSION • 34th PARLIAMENT • VOLUME 132 • NUMBER 3

OFFICIAL REPORT
(HANSARD)

Tuesday, December 20, 1988



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, December 20, 1988

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

THE HONOURABLE IAN SINCLAIR

TRIBUTES ON RETIREMENT FROM THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to draw your attention to the fact that our colleague, the Honourable Ian Sinclair, has reached that time in his career when he can no longer remain a member of the Senate of Canada. In fact, Ian Sinclair will reach that magic moment on December 27 next. However, because this is the last day he will spend with us in the Senate, I thought I ought to rise and say something about his remarkable career, not only as a lawyer and a businessman but also as a parliamentarian in the five years that he has spent as a member of this chamber.

It is unnecessary for me to review in detail Senator Sinclair's career, except to say that, initially, he made his reputation as a solicitor in the legal department of the Canadian Pacific Railway. During that period he gained great experience in making presentations and arguments on behalf of the railway before such notable commissions as the Kellock Royal Commission and the MacPherson Royal Commission on Transportation. In fact, he became known as the "Perry Mason" of railway law.

That career as a lawyer subsequently led to even higher responsibilities when, in 1966, he became president of the CPR. During his leadership of that organization it was transformed from a single operation to an important Canadian conglomerate. The name "Sinclair" became synonymous with the CPR. In fact, it is said that many people believed that he owned the CPR. Probably he behaved as if he owned it.

Senator Sinclair was a realist in those days. He knew—in much the same way as we all know about the Senate—that the CPR was not really loved. He said that he worked desperately to secure respect for the CPR even if he could not win the love of the Canadian people for that institution. Honourable senators, he has taken somewhat the same attitude since he has come to the Senate. He knows that the Senate, too, is not the most loved institution in Canada, but he has worked very hard to increase respect among the Canadian people for the Canadian Senate.

I believe that by his participation in the law, in business and in various public service activities Ian Sinclair was well prepared to become an active contributor to the Canadian Senate. For example, in 1982 he took on the onerous task of heading up the restraint program called the "six-and-five program". During his undertaking of that task he exercised all of his

persuasive ability in informing not only the business community and the labour unions but also citizens in general of the necessity for taking action to restrain price increases.

Honourable senators, one might have expected that Ian Sinclair, in coming to the Senate, would regard the work of this chamber as having a low priority among his many responsibilities and the many urgent demands made upon his time. Quite the contrary; the Senate became one of his chief priorities. He performed his work as a member of the Standing Senate Committee on Banking, Trade and Commerce with great care; subsequently, as chairman of the committee, he maintained the high standard of operations of that committee that had been set by his illustrious predecessors.

It may have surprised some people that, as a member of that committee, he would become an investigator of the pricing habits of the multinational pharmaceutical industry, but that, indeed, is what happened. This business tycoon adapted easily to the necessity of ensuring, to the best of his ability, that the interests of the Canadian people were protected. In a sense, he transformed the concept of the Senate as a place of special privilege. Those who knew Ian Sinclair were not surprised that he would take on a role of that kind. Former Canadian Pacific Chairman Fred Burbidge stated that Ian "genuinely enjoyed doing things . . . If there wasn't a crisis going, he'd create one. Partly out of fun, partly from a desire for the resolution of an issue."

It must be said that Ian Sinclair really has enjoyed the Senate. Certainly, he enjoyed that first caper, if I may call it that, that attracted so much attention at the time, but that was small in and of itself—namely, holding up the borrowing bill until the Main Estimates were tabled. Today that caper looks like a small incident, but in the period in which it occurred it was regarded as somewhat of a parliamentary crisis. So all I can say at this moment to Senator Sinclair and his colleagues is that he has been a tower of strength as a member of the Canadian Senate.

Senator Perrault: Hear, hear!

Senator MacEachen: He has been a doer. He has insisted on making a contribution and, despite all the other demands on his time, has been able to give a high priority to the work of the Canadian Senate.

I regret very much indeed that Senator Sinclair will no longer be one of my colleagues. However, I hope that he will drop around now and then to the committee meetings so that the next time we need a crisis we may call Senator Sinclair as an important witness to give it that atmosphere which he enjoys so much.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I want to thank the Honourable Leader of the Opposition for having drawn our attention to the departure, soon, of our esteemed colleague, Senator Ian Sinclair. I am sure that Senator MacEachen would not expect me and my colleagues on this side of the chamber to share his enthusiasm for all of Senator Sinclair's senatorial initiatives or for all of the precedents he set while a member of this chamber and a member of its various committees, but I do agree that he embarked on them all and saw them through with enormous energy, enthusiasm and dedication and, really, with incomparable skill and eloquence.

• (2010)

Senator MacEachen has alluded to the fact that our friend, Senator Sinclair, has had, in succession—contemporaneously, really—three careers: one in the law; one as a business executive; and another as a parliamentarian. It is his career as a parliamentarian that is now drawing to a close. While he is not as active as he once was in his profession and in business, still, wherever intellect and strength of character and conviction are respected in this country or anywhere else, Ian Sinclair is certainly a force to be reckoned with.

Senator MacEachen has referred to Senator Sinclair's early career, when I believe as a native of Manitoba he took law and later lectured in the subject at university, and to his distinguished career in business, in particular with Canadian Pacific.

I should note that our colleague was made an Officer of the Order of Canada in 1979 and that we have had him here as a colleague since 1983. During the past five years he has proven himself to be a very spirited debater—certainly, he rarely shrank from argument. I noticed a quotation attributed to him a couple of years ago in which he is alleged to have said: "Guys like Ian Sinclair don't back off. I mean, we press." I must say we have seen that characteristic demonstrated not once but many times during Senator Sinclair's senatorial career. It was the melancholy lot of Senator Finlay MacDonald to serve as deputy chairman of the Standing Senate Committee on Banking, Trade and Commerce under Senator Sinclair's chairmanship, and, while his spirit is not completely broken by the experience, he does have scars to show for it—and he may reveal some of them tonight before we finish this brief exchange.

I must say that my own experience with Senator Sinclair, when I was chairman of the Standing Senate Committee on Banking, Trade and Commerce and he was deputy chairman, was totally different. One could not have asked for a more "docile", cooperative colleague. Future generations who may want to read *Hansard* should note that these things are being said somewhat in jest and in good humour, especially since Senator Sinclair is going to have the last word! Certainly, the word "docile" in reference to Senator Sinclair is hardly justified at any time. He has been a most robust debater and a very effective participant in the work of this chamber.

Honourable senators, on behalf of my colleagues on this side and, indeed, on behalf of the Prime Minister and the government, I do want to wish Senator Sinclair the best. I want to express our appreciation that his contribution to parliamentary debate and to the parliamentary process has been of the highest quality, as have been his contributions to the professional life and business life of the country. So we say, "au revoir" and "bonne chance" to an esteemed and respected colleague.

Hon. Senators: Hear, hear!

Hon. Finlay MacDonald: Honourable senators, over the last number of years I have come to dislike these occasions, but, if the purpose of this exercise is to usher Senator Sinclair into a life of affluent obscurity, I should like to tell you that I wish to participate with great enthusiasm. If this is the last spike, I should like to help drive it.

Senator Cools: Dream on!

Senator MacDonald: I wish to tell honourable senators that in the few years during which I had the pleasure of serving as deputy chairman to Senator Sinclair my main task was to comfort and to apologize to the many witnesses who appeared before Senator Sinclair, witnesses whose spirit and almost physical condition were broken as a result of facing the senator.

There is a book—I think you pay \$25 for it and I think Senator Sinclair has bought most of the copies—called *The Lord of the Lines* in which there is a chapter called "The Buccaneer", and that is Senator Sinclair.

I must say that he was a great teacher. I found him to be a rather rough individual, sometimes tending to the obscene. I think that in another life he should have been a Supreme Court judge, because when he grabbed something he grabbed it like a bulldog and would never let it go. He was horribly frustrating to work for, but extremely fair and always straight. As for those of us who worked on committees with him, even though we disagreed on a number of occasions we never had reason to question his integrity or the truth that he sought.

I remember that on one particular occasion he gave a group of union members the roughest time I had ever seen given to a group of witnesses, at the end of which I said to them, "Gentlemen, you have to understand that what the chairman is seeking here is the truth." They were worried about job security. It was a privatization bill and they were worried, of course, about their future. I said, prophetically, "You might be pleasantly surprised by what this committee finally comes up with under the clear influence of the chairman." Indeed, one of those men wrote to me afterwards and said, "We would not have believed it." All that Senator Sinclair was seeking from them, in a very difficult period of questioning, was to know what they wanted, why they wanted it, and why they felt that they deserved it. The committee report gave them just what they were asking for.

I considered it a great pleasure to work with Senator Sinclair.

It was an experience, Ian, which I shall never forget. I enjoyed it enormously and I enjoyed our personal friendship, particularly after committee meetings when we might get together and have some "warm milk" and—

Senator Cools: —cookies.

Senator MacDonald: —discuss the day's activities.

I only wish to say, however, since Senator Sinclair will now be going home for lunch, that I wish to extend my sincere sympathies to his wife.

Hon. Senators: Hear, hear!

Hon. Sidney L. Buckwold: Honourable senators, it has been my privilege to be the third party of the steering committee of the Standing Senate Committee on Banking, Trade and Commerce; as such, I was somewhat of a go-between for Senator Sinclair and his deputy, Senator MacDonald, on the occasions we met to discuss our programs and our decisions.

I am not sure whether the decisions ever emanated from the steering committee on the occasions that it met. We had a chairman who, like an engine, really did not need steering and managed to stay on the tracks on that main line all the while.

I am sure many of my fellow citizens from Saskatchewan will be astounded that anyone from that province would have a good word to say about anyone connected with the Canadian Pacific Railway. The CPR and the chartered banks are the number one targets of everyone from that province, and that remains the case to this very day.

● (2020)

So far as Senator Sinclair is concerned, I think all honourable senators would agree that he has been an exemplary Canadian who, in the careers that we have heard outlined this evening, has shown a brilliance rarely exceeded by others in the business world.

I enjoyed being a member of his committee. He ran that committee in a unique way. Unlike the CPR, the meetings always started on time and finished on time. When a meeting was called for 9.30 a.m., at exactly 9.30 a.m. the chairman called for order and the meeting got under way. That was true whether anybody was there or not. It really did not matter to the chairman.

Senator Sinclair could be a little rough on witnesses sometimes, as Senator MacDonald has said. I recall when the Minister of Communications appeared before the committee; a nice young lady, she appeared before the committee when it was considering amendments to the Patent Act and the Copyright Act. She was given a very rough ride. I apologized to her, as Senator MacDonald did, but I think that in the end she recognized that the chairman was after the facts, and in the conclusion of the committee's report she found that her concerns were well satisfied.

That is exactly the way the chairman operated. He was fair; he was considerate in the end, though not always in the beginning; he was truthful; and he always "said it like it was". He did not hesitate to question witnesses on matters that bothered him. I think we all respected him for that.

[Senator MacDonald.]

On behalf of the other members of the committee let me say that we enjoyed our association with Senator Sinclair. Not only was it a learning experience but it was a privilege to be a member of his committee. He showed leadership and made a great contribution to the Senate and to the country.

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Honourable senators, I have a special reason for speaking because, as many honourable senators know, I have been Senator Sinclair's seatmate for the past few years.

Senator MacEachen said that Senator Sinclair's legal and business experience made him well prepared to be a member of the Senate. That comment reminded me of an article that Philip Givens, sometime mayor of Toronto and sometime member of the House of Commons, wrote explaining why successful businessmen were almost certain to be complete failures in politics. As I recall, Givens said that businessmen are quite unprepared for the adjustments and compromises that are inevitably required in politics; that they are shocked that their many errors and bungles would be revealed to the public, things which, in their private corporations, are kept quiet, secret and clandestine; and that they are impatient with the slowness with which the political mills operate. Givens laid it on. One could conclude that it was inevitable that no businessman—certainly no big businessman—would ever be a success in either the House of Commons or the Senate.

One now would have to say that Senator Sinclair has shown that at least once in a while the view stated by Givens is incorrect. As Senator Sinclair's seatmate I can testify that he has enjoyed his work in the Senate and has been vigorous in his contribution to the country through the Senate. Often the quiet, little conversations we have had here as seatmates reminded me of the kind of chats that go on in school when the teacher is not being too attentive. I must say that I found those conversations stimulating and, at the same time, encouraging. I want to say to you, honourable senators, that today I feel a very special sense of loss. I want to thank Senator Sinclair for the stimulation and the encouragement he has given me.

Hon. Senators: Hear, hear!

Hon. Lorna Marsden: Honourable senators, Senator Sinclair is a legendary figure in this country and in our time, and he was long before he came to this chamber. He is a person about whom I had heard many powerful Canadians speak with great awe, but I must say, from the perspective of a feminist arriving in the Senate, that my expectations were not very high. However, I was delighted to find that I was wrong about that, because, in addition to his creative attitude towards this chamber and towards his work as chairman of the Banking, Trade and Commerce Committee, which I think has been an inspiration to those of us who had the privilege of sitting on it, to my delight and somewhat to my amazement, it became very evident when dealing with the Privatization Bill that Senator Sinclair understood absolutely the concerns of women and women workers in this country, in that he not only ensured that those questions were raised but vigorously pursued or

pressed the witnesses on that account. Those of us who are concerned about these matters noted that with delight and we are very grateful to him.

I was most interested in Senator MacDonald's comment about Senator Sinclair's natural talent for the Supreme Court, and with that in mind I should like to thank Senator Sinclair and extend our best wishes for his next career.

Hon. Senators: Hear, hear!

Hon. Ian Sinclair: Colleagues: How sweet it is!

As someone has said, this is the end of my third career, which I have enjoyed, and I am actively pursuing a fourth one. I had to make a few adjustments when I came here; however, I should like to say to my colleagues that, surprisingly, I am the first person to have among his papers a congratulatory letter from John Diefenbaker, which I received when I was appointed the president of Canadian Pacific. Those of you who know John Diefenbaker's background know that it took a lot for him to congratulate me on anything that had to do with Canadian Pacific. I also have among my papers a kind note from Mike Wilson, whom I have known for many years; I think Canada has been blessed with having him in the position of responsibility that he has had and continues to have.

I recall the many famed upsets of Senator Flynn in this chamber. When I went to school they told me cumulus clouds did not exceed 20,000 feet. After listening to Senator Flynn it occurred to me that that was wrong, because he often went beyond 20,000.

● (2030)

I came here with the feeling that this institution was not appreciated. During the course of my other careers I appeared before committees of both the House and the Senate. I always felt that the Senate committees were better able to understand the problems we were dealing with. However, the public generally had a very poor view of the Senate. I am happy to say that I believe the Senate has a duty to carry out in the legislative process. I also think few people realize that the first time our National Finance Committee objected to the passing of an appropriations bill without the necessary preliminary work a statistical analysis indicated that the Senate had saved the country \$15 million because of our delay. Now, I tell you, you have to make some pretty broad assumptions to arrive at that number. Nevertheless—

Senator Frith: You have no problem with that!

Senator Sinclair: —I have no trouble in making those assumptions.

In any event, honourable senators, I have to say that it has been a pleasure to work in committee with Senator MacDonald. Before coming here I did not know him, but I knew of him. My good friend Cedric Ritchie, who runs the Bank of Nova Scotia, warned me about him. He said, "He'll charm you out of your shoes." Honourable senators, he has done that all his life and I am sure he will continue to do so.

As to the committee, well, I suppose you can run a committee as a democrat—

Hon. Senators: Oh! Oh!

Senator Sinclair: But I never did—I didn't know how to do it as a democrat. But, honourable senators, what we did do was to arrive at a conclusion. At one point, because of some associations I had, I could not really take part in the chairmanship of the committee as I wanted to so I went through a surrogate process involving Senator Kirby. Someone mentioned to me later that he had never known that Senator Kirby understood the Banking Committee so well until he heard him put questions before that committee, and I felt pretty good about that.

Honourable senators, we have had problems here, have we not? And we have had those problems because the process does not enable us effectively to do the job we have before us. That process has to be changed. How it is going to be changed is in the hands of other people, of course, but those who have been appointed to this chamber, in my view, have been appointed to undertake a stewardship, with all the meaning that that word conveys. Yet we cannot be stewards and we cannot make the contributions that a steward should make because of the fact that we are an appointed body somewhat out of step with the modern process—and we have to change that fact! I hope that that will happen and that the very great capabilities that are in this chamber will be able to be made manifest in the future.

Thank you so much for being kind to me in the last five years.

[Translation]

LIBRARY OF PARLIAMENT

ANNUAL REPORT OF PARLIAMENTARY LIBRARIAN TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the fiscal year 1987-88.

[English]

OFFICIAL LANGUAGES

THE ESTIMATES, 1988-89—PRIVY COUNCIL VOTE 15B—REFERRAL TO JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons as follows:

HOUSE OF COMMONS
CANADA

Friday, December 16, 1988

ORDERED,—That Privy Council Vote 15B, for the fiscal year ending March 31, 1989 be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

ATTEST

Robert Marleau
The Clerk of the House of Commons

● (2040)

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, December 20, 1988

The Committee of Selection has the honour to present its

FIRST REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on each of the following select committees:

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barootes, Bolduc, Corbin, Doyle, Guay, Kelly, Kenny, LeBlanc (*Beauséjour*), Lefebvre, Lewis, *MacEachen (or Frith), Marchand, McElman, *Murray (or Doody), Nurgitz, Petten and Wood.

**Ex officio* members

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Bazin, Beaudoin, Bosa, Doyle, Frith, Gigantès, Grafstein, Kelly, LeBlanc (*Beauséjour*), *MacEachen, *Murray (or Doody), Ottenheimer, Stewart (*Antigonish-Guysborough*), Stollery

**Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[The Hon. the Speaker.]

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Wednesday next, December 28, 1988, I shall call the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from September 19 to 24, 1988.

● (2050)

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 27th December 1988, at two o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Hon. H.A. Olson: Honourable senators, I do not give my consent to that motion. We have not met in this chamber for over three months and I have a long list of questions to put to the Leader of the Government in the Senate concerning some matters that are of importance to the people I am supposed to represent here in the Senate. Last week, when we met in this chamber, we had hardly any Question Period; in fact, it was over by the time I arrived in the chamber. Therefore, since Question Period is the only opportunity afforded to members of the chamber for asking questions, I hope the minister is prepared now for a lengthy Question Period, since I intend to make some inquiries respecting crop insurance, drought payments and a great many other matters that are of vital importance to the people I represent.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, if I may, the effect of the honourable senator's denying leave for this motion would be that the Senate would return tomorrow. However, I would not want the honourable senator and his colleagues to come back here under false pretences. Unfortunately, I will not be in the chamber tomorrow or Thursday since I have government business to attend to. I think the honourable senator will appreciate that. Frankly, I had included in my own plans the assumption that we would not be sitting beyond tonight, and I regret that I will not be able to be present in this chamber tomorrow or the next day.

Last week I took notice of some subject matters that were raised by Senator Olson. I am prepared to attempt to deal with those and other questions he may wish to put to me this evening and to make every effort to obtain replies as quickly as

possible to any questions that I am not able to reply to this evening.

Senator Olson: Honourable senators, I can appreciate what the minister has just said and, of course, I can well understand the futility of having Question Period without the minister's being present. I know that in the absence of the Leader of the Government the deputy leader very graciously takes questions as notice and gives undertakings to obtain replies, and that he does so as soon as possible, although it sometimes takes a week or a month.

As I say, I can appreciate what the Leader of the Government has said. I simply want to advise him that, if I give leave for the passage of the Deputy Leader of the Government's motion, it will be necessary to have a fairly lengthy Question Period this evening, since I have many questions to ask. I appreciate his undertaking in advance to endeavour to obtain answers to my questions.

However, before we continue with the motion I should like to advise the Leader of the Government in the Senate that I have a question or two respecting the use of the social insurance number, and if I do not receive satisfactory answers then I shall be asking for leave to revert to Notices of Motions in order to give notice of a motion respecting this matter. I may say to the Honourable Leader of the Government in the Senate that the recent extended use of this number is disturbing a great number of Canadians.

With those comments I withdraw my objection to the deputy leader's motion.

The Hon. the Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Tremblay, with leave of the Senate and notwithstanding rule 45(1)(g):

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 27th December 1988, at two o'clock in the afternoon.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

[English]

SOCIAL INSURANCE

ABUSE OF SIN—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate whether the government intends to make good on its undertaking, given in a news release dated June 8, 1988, that it is the government's intention to restrict the use of the social insurance number in federal institutions. A short time after that news release the

government introduced Bill C-139, which expands very significantly the use of the social insurance number. Since that bill is now law, it is now therefore an offence for both the seller and the buyer of any interest-bearing financial instrument to fail to notify the income tax collection department of that transaction.

I want to know whether or not the minister will give an undertaking that he will diligently seek the removal of this expanded use of the SIN, since the news report put out by the then Minister of Justice stated unequivocally that the government intended to restrict the social insurance number to those uses for which it was originally intended: namely, as an identification number for the purposes of unemployment insurance and the Canada Pension Plan.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, what I shall diligently do is direct the attention of my colleagues to the inconsistency that the honourable senator perceives between the action that the government took, on the one hand, and the commitment that was made, on the other. Since I do not know enough about the matter at the moment I cannot acknowledge that there is any inconsistency. However, I shall look into the question raised by the honourable senator and report back very quickly.

Senator Olson: Honourable senators, I have a supplementary question. Perhaps the Honourable Leader of the Government should also look at the undertakings that were sought by one of the most illustrious leaders of the Conservative Party, the Right Honourable John Diefenbaker, when these identification numbers were first introduced in 1964. I think there are one or two things that need to be said about this matter. On April 8, 1964, at page 1918 of *House of Commons Debates*, Mr. Diefenbaker had this to say:

Mr. Diefenbaker: Mr. Speaker, would the minister give an unequivocal answer that the information contained on the forms used in this system, which bears a strange relationship to dictatorship—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —will not be made available in any way, directly or indirectly, to any other department?

By the way, the minister who was answering at that time was the Honourable Allan J. MacEachen, and he gave the right answer—

Senator Perrault: Hear, hear!

Senator Olson: I might also say that he even had the clairvoyance to see that some government of the future might perpetrate this terrible invasion of privacy.

Senator Murray: Well, he was a member of most of the governments of the future.

Senator Olson: On the same page Mr. MacEachen is reported as saying:

Mr. MacEachen: I am not in a position to indicate at this stage what system of government record keeping will be involved in the future, but that is the present attitude of the government.

Mr. Diefenbaker: Oh; income tax, and so on?

Mr. Pearson: Certainly not.

Of course, Mr. Pearson was the Prime Minister at that time.

Mr. Diefenbaker: The Prime Minister is butting in. I ask him, will he give the undertaking on behalf of the government that this information will not be made available to other departments of government? We want to know that this is not a snooping operation for the use of the government.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, the same and, I would hope, more effective precautions will be taken in this regard as were taken under the regime of the right hon. gentleman.

Honourable senators, all that that means is that at that time the Leader of the Conservative Party, who was then the Leader of the Opposition, sought and obtained an undertaking from the government of the day, including the Prime Minister and the Minister of Labour, that they would not use the social insurance number for any purpose other than the Canada Pension Plan.

• (2100)

Now we have Bill C-139, which was brought in by the government, passed by the House of Commons on August 29 and given Royal Assent on September 13, doing exactly what Mr. Diefenbaker objected to—namely, handing over such authority to the super-snoopers in the—

Senator Barootes: Liberal Party.

Senator Olson: —Department of National Revenue. That is why I am asking the Leader of the Government to honour the commitments made by past governments and to give consideration to the millions of Canadians who resent the use of the social insurance number in this way. If the leader will give that undertaking, I will accept it for a while; if not, I should like to put a motion before the chamber.

Senator Murray: Honourable senators, I hope I understood the honourable senator correctly, because for almost as long as I have been paying income tax I, as have all of us, have had to write my social insurance number on the income tax form. I do it every year. The honourable senator seems scandalized by that fact, but, if he will look up the forms of the Department of National Revenue, which he has undoubtedly filled in every year, he will see that he has added his SIN.

However, I have heard the commitments made by the then minister, Mr. MacEachen as he was then, and by the then Prime Minister, Mr. Pearson, and I shall be glad to determine to what extent those commitments have been respected by all governments since then, including the present government, and, if there has been a change of policy, I shall so state it in the chamber.

[Senator Olson.]

Senator Olson: Honourable senators, let me ask what I hope is my final question on this matter. The government has brought in a bill. Before that bill was brought in it was not an offence to open a bank account or to buy guaranteed interest-bearing certificates of any kind without giving your social insurance number, and the banks or the financial institutions were not obliged under the law to obtain that number.

An Hon. Senator: Yes, they were.

Senator Olson: No, they were not. Not until that bill was passed and given Royal Assent on September 13 did it become an offence—an offence for both parties. That bill makes matters worse. I have not said that things were perfect before that bill. I realize that there has been a steady encroachment. As a matter of fact, in his report the privacy commissioner has commented to the effect that there has been a tremendous degradation of privacy in this country because of the government's use of the social insurance number.

This bill is an even worse insult. Canadians can no longer open bank accounts or buy financial instruments without giving their number, which means that in many cases it will show up in the income tax department and, according to the privacy commissioner, in about 1,500 private data banks in this country. I ask the minister to withdraw that provision.

Hon. Henry D. Hicks: Honourable senators, I have a supplementary question. Is the minister aware that when you apply for a salmon fishing licence, for example, in his former province of New Brunswick, you are obliged to give your social insurance number?

Senator Murray: Honourable senators, I was not aware of that point either.

Senator Frith: The salmon are entitled to know!

Senator Nurgitz: It makes good sense to me.

Senator Murray: However, I am aware that it frequently happens that, when one goes into a place of business seeking to conduct some business and does not have other identification, one is asked for one's social insurance number. It happens all the time.

Senator Olson: But, until this bill, you were not obliged by law to give it.

Hon. Eymard G. Corbin: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Is he aware that insurance companies are now sending memos and notes to people they insure asking them for their social insurance numbers? This is totally new. I received a letter from La Laurentienne, an insurance company with which I have been insured for years. For the first time in my life I was told by them that under the law and the regulations I was obligated to supply them with my SIN. I did not supply the number, and I hope that people in this house hear what I am saying. Instead, I scribbled a note asking, "Under what law and under what regulation are you obliging me to supply you with my social insurance number?" To this day I am awaiting an answer. I feel that the insurance company is invading my privacy. Is the minister aware of such actions?

Senator Murray: Honourable senators, I must confess that I am not aware. Possibly the Banking, Trade and Commerce Committee will want to look into this matter in due course.

CANADA-UNITED STATES FREE TRADE AGREEMENT

EFFECT ON U.S. COMPANIES—CREATION OF JOBS IN CANADA BY OPENING OF NEW PLANTS—U.S. REFUSAL TO ELIMINATE TARIFF ON CANADIAN SHAKES AND SHINGLES—GOVERNMENT ACTION

Hon. Raymond J. Perrault: Honourable senators, I have a question for the Leader of the Government in the Senate. It is about the impending Free Trade Agreement between Canada and the United States. A spokesman for one of the committees supporting the deal said the other day in Vancouver, "There are going to have to be adjustments on both sides of the line." He said, "Let's face it, some flowers must die so that other flowers can be born"—"flowers" being workers. So some will have to be sacrificed in order to make the necessary adjustments to assure the implementation of this pending agreement.

Since November 21, 1988, we have experienced:

November 24, Gillette Canada, a manufacturer of razor blades and other products associated with shaving, located in Montreal and Toronto, announced that it will shut down its Canadian operations and that 590 jobs will be phased out over the next 18 months.

November 25, Ortho Diagnostic System, a subsidiary of Johnson and Johnson—oh yes, this is one of those drug companies that were going to invest so much more in Canadian research—announced that it will close down its North York laboratory next month, phasing out 16 jobs.

November 26, P.P.G. Canada Inc., a subsidiary of Pittsburgh Paint, and a resin manufacturer located in Toronto, announced that it will close in February, causing the loss of 139 jobs.

November 28, British Footwear, a shoe plant located in Lachine, Quebec, indicated that it will phase out 50 jobs in March.

This is the adjustment process and these are the "flowers" that will die in that process.

December 7, Northern Telecom, Canada, a communications company, indicated that it would close its plants in Aylmer and Belleville, phasing out 870 jobs over the next nine months—another bunch of "flowers" that will die.

December 7, Tapis Elite, a carpet manufacturer, indicated that it would be unable to meet impending competition from Atlanta, Georgia, and other southern producers that pay their workers 50 per cent of the wages paid to Canadians. This company is located in Sainte-Thérèse, Quebec, and it will mean the loss of 87 jobs. It will happen soon.

December 8, Canada Packers Inc. indicated that it would close its poultry processing plant in Winnipeg in February, causing the loss of 90 jobs, according to my information.

I could go on, but I want to ask the Leader of the Government in the Senate this question: In this agonizing process of

adjustment on both sides of the line, would he share with us the names of American companies that are closing down their operations in the United States in order to cope with this new Canadian competition? Would he give us an answer to that question before I ask my supplementary questions?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I regret that the honourable senator did not have an opportunity to make that speech during the free trade debate before dissolution and that he should give it to us tonight.

Senator Perrault: The closures have been announced since the election.

Senator Murray: Honourable senators, let me say first that barely a study has been done on this matter in this country by qualified organizations that has not forecaste considerable increases in employment, in incomes and in living standards throughout this country as a result of the Free Trade Agreement with the United States.

• (2110)

Secondly, I draw to the honourable senator's attention the fact that something like one-third of Canadian workers change jobs every year. That is the extent of the adjustment that takes place in our economy month after month, year after year, and it takes place without the kinds of upheaval and agony that the honourable senator is talking about.

Thirdly, I point out to him that, while I did not take note of all the firms he mentioned, most of the firms whose names have figured in the media have taken considerable pains to emphasize that the decisions they were taking to rationalize their operations, or to adjust, were not taken as a result of or in connection with the Free Trade Agreement with the United States.

Finally, in the context of the very considerable and quiet worker adjustments and job changes that take place in our economy every year, there is in the Government of Canada a whole series of very effective programs to assist communities, to assist companies and, most of all, to assist workers to adjust to changing economic conditions.

Senator Perrault: The Leader of the Government's statement will be cold comfort to the workers of Canada who will be displaced in the very near future as a result of this impending trade arrangement with the United States.

He has not answered the questions. He has not cited examples where U.S. companies are going to close down because they are faced with the possibility of increased competition from Canadian companies.

Let me then ask him this question: Have there been any corporate announcements of any extent in recent weeks—post election—that there will be additional plants put in place to create new jobs for Canadians as a result of this trade arrangement? For the Leader of the Government to come here tonight and say that in the normal course of events any of these things could have happened suggests a naïveté that would make the

Leader of the Government a candidate to buy the Brooklyn Bridge.

Honourable senators, I would refer to the Gillette company. Of all the colossal, corporate nerve to say, the day after the election, "We are closing down in Canada. We did not make the announcement yesterday because we thought it might affect the outcome of the election." They are damned right! It would have affected the outcome of the election!

Senator Barootes: Good for them.

Senator Perrault: Many more opposition members would have been elected. A profitable corporation with a long history in Canada is callously closing down its operation and moving to New York state. It is showing no sense of corporate loyalty to Canada at all. Honourable senators will remember all of the pap we heard during the campaign, with the Conservatives saying that two million jobs would be created from coast to coast in Canada and that we were just going to luxuriate in high employment. The first things we hear are the closure, closure, closure announcements.

Honourable senators, I want to ask the Leader of the Government another question. On June 6, 1986, President Reagan imposed a five-year tariff relief plan for the Americans against imports of Canadian shakes and shingles. The relief tariff was originally set at 35 per cent; scheduled to fall to 20 per cent on December 6, 1988; to 8 per cent on December 6, 1990; and to be removed entirely on June 6, 1991. They did not provide any economic justification for their action. In the manner they are wont to pursue, they were unable to win the economic argument with Canadian shingle producers, so they just acted unilaterally to punish Canadian industry. In British Columbia it was hoped that one of the outcomes of a favourable vote for the trade deal would be that this iniquitous tariff on Canadian shakes and shingles would be removed.

I would point out to the Leader of the Government that we have lost 2,000 jobs in this industry in Canada since this unilateral action of the United States, and we had hoped that on December 6, 1988, President Reagan would cancel this unfair tariff. He announced that the five-year tariff relief plan would continue and that the schedule for removal would be accelerated. The current tariff of 35 per cent was reduced to 20 per cent on December 6, 1988, and he said that tariffs will remain at 20 per cent for one year instead of for two years. Various adjustments have been made, but there has been no relief of any kind.

One would have hoped that, in the spirit of North American economic *glasnost*, we might have had some relief from this iniquitous impost on B.C. shakes and shingles and shingles produced by other provinces in Canada. No such luck! Just a gesture of that kind from the United States would have reassured many concerned Canadians, most of whom voted against this trade deal, but there was no relief forthcoming from President Reagan.

I should like to ask the Leader of the Government what reaction the government intends to pursue, if any, in the face

[Senator Perrault.]

of the U.S. refusal to back off from this tariff levy which has adversely affected so many jobs in Canada.

Senator Murray: Honourable senators, my friend has already noted that the President indicated that they would accelerate the removal of the reduction of the tariff. I simply wish to make the point that incidents such as the shakes and shingles situation, and others, point out very clearly the need for a mechanism such as the dispute-settlement mechanism contained in the Free Trade Agreement, which the honourable senator and others will be called upon to support and approve in this house, I trust, next week.

With regard to his rather lengthy preliminary remarks, I simply want to deplore the fact that the honourable senator should cast doubt on the integrity of the corporate citizenry not only of the Gillette company but of numerous other companies that have made plans to adjust and have felt it necessary to explain that what they are doing is not in any way related to the Free Trade Agreement. The reason they have felt obliged to do so is that honourable members of opposition parties seize on every such decision now taking place in the economy and on every ailment that manifests itself in the body economic or the body politic, however transitory the ailment, and blame it on the Free Trade Agreement.

Finally, I want to say to him that some months from now he and I and other senators will, I know, be celebrating the considerable increases in investment and employment which, I trust, in fairness, he will agree to ascribe to the Free Trade Agreement with the United States. He takes a very pessimistic view of the future, but there is nothing new in that so far as the honourable senator and his colleagues are concerned. A little more than four years ago, when Mr. Michael Wilson introduced his first economic white paper, friends of Senator Perrault in the other place were predicting a loss of 200,000 jobs in Canada as a result of Mr. Wilson's policy. The result of Mr. Wilson's policy four years later has been the creation of 1.3 million new jobs in this country, including, if I may say so, 156,000 jobs in my friend's province of British Columbia.

Senator Perrault: I hope the Leader of the Government is not suggesting that Mr. Wilson through his own talent and capacity created all of these jobs. Much of the credit for job creation in the province of Ontario is as a result of a change of government in that province to the Liberal government of Mr. Petersen.

Honourable senators, I am not pessimistic about the future, but the preliminary indications are that the deal is going to be bad for many Canadians. Of course, these are only "flowers" that, according to the leader of the groups supporting the measure, will have to die.

• (2120)

For the record, Mr. Leader, let me answer your question and your statement about shakes and shingles. The tariff on shakes and shingles is not covered by the GATT, but it is covered by the Free Trade Agreement. Base tariffs on shakes and shingles are covered as Article 4418 of the U.S. tariff schedules and, therefore, are bound under the FTA. Canada

will therefore have recourse to dispute settlement resulting from any future tariff actions by the United States against Canadian shakes and shingles. However, the FTA in no way prevents the U.S. industry from pursuing a similar trade action against Canada in the future. As a matter of fact, Articles 1902 and 1904 make it clear that the U.S. retains all of its rights to continue to use countervailing and antidumping duties against Canadian exports.

The ministers who were negotiating this deal said it was essential that we be protected against this in the ultimate form of the agreement. That was not a feature of the final agreement.

Senator Murray: I beg your pardon. We are protected by the addition of a binding dispute-settlement mechanism. That is there in the agreement, the legislation for which, I trust, will be passed into law here next week.

Senator Perrault: We are not exempt from the basic capacity of the United States to proceed unilaterally against certain Canadian industries. That is a matter which will be debated more fully in this chamber. Honourable senators, I think there are many reasons for concern. For the Leader of the Government to come here this evening and say, "Well, the Gillette closing was going to happen in any case," is almost as though he would throw a farewell party as these industries leave Canada, and say to them, "We know that you are not leaving because of the trade deal. We wish you the very best as you go to New Jersey or New York or Atlanta, Georgia." If we are going to have a trade agreement, we need a government that will have the courage, capacity and fighting will to make sure that Canadian interests are protected.

OFFICIAL LANGUAGES

CHARTER OF RIGHTS—USE OF "NOTWITHSTANDING" CLAUSE
BY QUEBEC—POSITION OF FEDERAL-PROVINCIAL RELATIONS
MINISTER—MINISTER'S COMMENTS ON MANITOBA'S DECISION
RE MEECH LAKE ACCORD

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in his most important capacity as Minister of State for Federal-Provincial Relations. In light of the events of the past few days, could the minister tell us what is his position and that of the government with regard to the decision of the Bourassa government to invoke the "notwithstanding" clause in the present circumstances resulting from the Supreme Court decision?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the subject was rather fully covered yesterday and again today by the Prime Minister in the House of Commons. I may try to summarize or paraphrase what he said.

Senator Molgat: You are the minister.

Senator Murray: I appreciate that I am the minister, and the Prime Minister is the Prime Minister, and the honourable senator should surely not object if I direct his attention to

answers given by the Prime Minister in the House of Commons two days running. I will attempt simply to summarize very briefly what the Prime Minister said. He had spoken to Premier Bourassa on the weekend, prior to the premier's having announced his decision, and he had expressed the wish that it would be possible for the Government of Quebec to find a way to ensure the cultural security of French-speaking Quebecers while protecting the right to freedom of expression and the status of the English-speaking minority in that province, and to do so in a way that was fully consistent with the judgment handed down by the Supreme Court of Canada last week.

Senator Molgat: My specific question, Mr. Minister, was: Do *you* support the position taken by the Government of Quebec to use the "notwithstanding" clause?

Senator Murray: Honourable senators, it is obvious that Premier Bourassa and his government did not feel that it was possible to find a solution that would effectively balance the two concepts of ensuring cultural security for francophone Quebecers, on the one hand, and protecting freedom of expression fully as outlined by the Supreme Court without having recourse to the "notwithstanding" clause.

Senator Perrault: Where do *you* stand?

Senator Murray: It is not a matter of whether I or somebody else or the government supports the use of a clause that is part of our Charter of Rights, and has been since 1982.

Senator Frith: The Loughheed amendment.

Senator Murray: Mr. Bourassa said that the members of his government had 14 options before them, so it is impossible for me, or for anybody else who has not examined the 14 options they had before them, to answer the kind of question the honourable senator poses, even if it were proper to answer that kind of question, involving, as it does, a decision that, as the Supreme Court also pointed out, is purely within the provincial jurisdiction.

Senator Molgat: I am very interested in the response of the minister, who says that it is not really for him to comment on the decision of a provincial government, because he has been quite free to comment on decisions of the provincial government of my province.

Senator Austin: And of mine.

Senator Molgat: I am quoting now from the *Globe and Mail*, which says:

In Ottawa, Senator Lowell Murray, speaking for the federal Government, called Mr. Filmon's move a hasty reaction "made in the heat of the moment," and urged him to reconsider his decision lest it lead to serious constitutional consequences.

"It is a decision much to be regretted," Mr. Murray said.

Now, if the minister is able to offer such advice to the premier of my province gratuitously—

Senator Perrault: Good question.

Senator Molgat: —was he prepared and did he make similar statements to the Premier of Quebec and does he stand by the statements he made, as I quoted, regarding the decision of the Premier of Manitoba?

Senator Murray: Surely, honourable senators, my honourable friend sees the difference between the two subjects. In the case of Manitoba I was discussing a decision by the Premier of Manitoba, the Government of Manitoba, to withdraw a resolution from their order paper to implement or to ratify an accord that had been signed by the previous Government of Manitoba together with nine other provinces and the federal government. That is squarely a federal-provincial matter. What I was pointing out to the honourable senator about Bill 101 is that the judges of the Supreme Court of Canada had taken some pains to reaffirm in their judgment that these matters were squarely matters for the Province of Quebec to legislate on.

Senator Frith: Manitoba's right under the Constitution is purely provincial as well.

Senator Perrault: Of course it is.

Senator Olson: Poor excuse! That is not an excuse.

Senator Murray: The Constitution is not a purely provincial matter.

Senator Frith: No. Don't give me that!

Senator Murray: If the honourable senator wants to intervene, he may in a few minutes.

Some Hon. Senators: Order, order!

Senator Frith: Thanks for the permission.

Senator Murray: The judges of the Supreme Court were at some pains to reaffirm the legislative authority of the province to legislate on that matter. Having said that, the honourable senator is well aware of the position of this government and, in particular, of the Prime Minister on the question of linguistic minorities.

● (2130)

There is essentially no difference in the position that we have taken here from the position that we took last April, I believe it was, and last June in the case of Saskatchewan and Alberta.

The federal government, within provincial jurisdiction, always seeks to support linguistic minorities across the country. The federal government does so in cooperation with the provincial governments and through the mechanism of agreements which it has with all of the provincial governments, if I am not mistaken, and certainly with the Province of Quebec. So within the provincial jurisdiction we assist the linguistic minorities through cooperation with their provincial governments. We spend hundreds of millions of dollars every year on minority language education, as the honourable senator knows. Within our own jurisdiction, surely our language policy is obvious to all interested. Bill C-72 speaks for itself. That legislation was passed by the previous Parliament at the instigation of the Progressive Conservative government.

[Senator Perrault.]

Senator Frith: I think that is called a distinction without a difference.

Senator Molgat: Honourable senators, the minister has said that it was proper for him to make comments regarding the action of the Manitoba government because the Manitoba government had allegedly signed a certain document. The Manitoba government never signed any document dealing with the Meech Lake Accord, to my knowledge. The Premier at that time may have agreed at a meeting at Meech Lake, and at another hasty meeting at the Langevin Block, but the Manitoba government never—

Senator Murray: On whose behalf was he signing?

Senator Molgat: —agreed to that. Don't tell us that the Manitoba government is committed to something; the Manitoba government is not committed.

Senator Murray: Don't be so foolish!

Senator Molgat: You may have wanted that government to be committed, but it was not.

Senator Corbin: Neither was New Brunswick!

Senator Frith: The Constitution says "a legislature of a province".

Senator Molgat: I agree with my honourable friend when he says that the federal government has been assisting linguistic minorities across the country, but what has the federal government done for the linguistic minority in Quebec? Has my honourable friend spoken out?

So I come back to ask the minister this question: Does he support the actions of the Bourassa government, yes or no, and, if he is able to criticize the Premier of Manitoba in the way that he has criticized and lectured him as to what he ought to do and ought not to do, is he prepared to do the same with Mr. Bourassa?

Senator Murray: Honourable senators, the honourable senator is talking nonsense on a number of points.

Senator Molgat: Not at all!

Senator Murray: The honourable senator is suggesting that the premiers of ten provinces signed the Meech Lake Accord in some personal capacity without agreeing to bind their governments.

Senator Frith: To what!

Senator Murray: That is the most ridiculous thing I have ever heard.

Senator Frith: The Constitution says "a legislature", not "a government."

Senator Murray: I am aware of that.

Senator Molgat: Where is the minister coming from?

Senator Buckwold: Where is he going?

Senator Perrault: That's a better question.

Senator Murray: I never suggested that a premier had attempted to bind his legislature. I did say that on behalf of

their respective governments those premiers signed the Meech Lake Accord. So the honourable senator is really talking nonsense on that point.

Senator Molgat: Honourable senators, I object to that statement. I am not going to sit here and have the minister say that I am talking nonsense on what is an absolute fact. The Province of Manitoba did not sign that agreement.

Senator Murray: Honourable senators, the then Premier of the Province of Manitoba, on behalf of the then government, signed that agreement.

Senator Frith: And agreed to submit that to the legislature. And did he not withdraw?

Senator Murray: Quite right. The honourable senator invites me to condemn the Government of Quebec for having invoked the "notwithstanding" clause. I was invited to do the same by the media yesterday or the day before. I will give the honourable senator the same answer I gave then. The "notwithstanding" clause is part of the Charter of Rights and Freedoms that the honourable senator is so proud of and which was passed by the Parliament of Canada in 1982. The "notwithstanding" clause was accepted—

Senator Frith: Lougheed proposed that.

Senator Murray: —by Mr. Trudeau as the price of patriating the Constitution of Canada with nine provinces out of ten on board. Anyone who believes that individual rights and freedoms should be protected from governments has to believe, as the Prime Minister said yesterday, and as I repeated, that the existence of a "notwithstanding" clause is incompatible with that. It is incompatible with the existence of a Charter of Rights and Freedoms; nevertheless the "notwithstanding" clause is there. It is a legitimate part of the Constitution of Canada, which was passed by the honourable senator and his friends.

Senator Frith: As the price paid to Premier Lougheed!

Senator Murray: That was the price paid for patriating the Constitution with nine out of ten provinces on board.

As I said yesterday, I would not rush to condemn a government for using a disposition that is in the Constitution. Further to that, I said that it is not at the top of our agenda, as a government, to try to negotiate the "notwithstanding" clause out of the Constitution. There are other matters that we have agreed must be on the agenda—Senate reform, aboriginal rights and so forth.

Honourable senators had better get used to the fact that the "notwithstanding" clause is going to be there for a long time. The federal government has not had recourse to it, but the Saskatchewan government has had in a labour case and Quebec has had in one or two cases.

Senator Molgat: Honourable senators, the minister says that I asked him to condemn the Province of Quebec for using the "notwithstanding" clause. Not at all! I did not ask him to condemn anyone. I simply asked him the question: Does the minister agree with what the Province of Quebec has done, yes

or no, because the minister has made some very damaging statements regarding the Premier of the Province of Manitoba and the actions that he took? I am not asking him to condemn anyone.

Does the minister stand by the statements that he made with regard to the actions of the Premier of Manitoba in ceasing to hold hearings in that province on the Meech Lake Accord?

Senator Murray: Honourable senators, let me say that I find the position of the Premier of New Brunswick a good deal more congenial. While he continues to hold his reservations, he has announced that New Brunswick will be sending the—

Senator Molgat: Answer my question!

Senator Murray: My honourable friend should relax. This is very bad for his blood pressure.

Senator Molgat: The minister should hear the statements that are being made in Manitoba.

Senator Murray: I find the decision of the Government of New Brunswick to be more congenial and more constructive. It has decided to refer the Meech Lake Accord, which had been signed by Mr. McKenna's predecessor, to a legislative committee for public hearings.

Senator Perrault: Tell us about the government of Mr. Bourassa!

Senator Murray: Do I stand by the statements that I made with regard to the decision of the Government of Manitoba? Yes, I do, and I can provide, tomorrow perhaps, or later this evening, if my friend is interested, a transcript of the remarks that I made to the media yesterday on that subject.

Senator Molgat: One final question, if I may. The Province of Manitoba is committed to holding public hearings on constitutional changes.

Senator Murray: Oh!

Senator Molgat: That was a decision made by the Province of Manitoba some time ago.

If there are going to be constitutional changes, there must be public hearings. Does the minister believe that the Province of Manitoba should now proceed to hold public hearings on the Meech Lake Accord?

● (2140)

Senator Murray: Honourable senators, the answer must be evident. The then Premier of Manitoba committed his government to placing a resolution before the house. That commitment was respected as of last week by Premier Filmon, who made a very eloquent speech, I may say, on the subject of the importance of Meech Lake to the future of Canada; and, if I may be permitted to say so in parentheses, the reasons that he invoked in favour of Meech Lake last week are as valid today as they were then. If their rules provide, as my friend tells me and as I think we all recognize, that public hearings must follow the presentation of a constitutional resolution in the house, then, of course, public hearings would be an essential part of the commitment.

DIMINISHMENT OF MINORITY RIGHTS—GOVERNMENT
POSITION

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government whether he would help us understand precisely what the attitude of the Government of Canada is to the solution proposed by the Premier of Quebec. We all understand that the “notwithstanding” clause is available, and the effect of the “notwithstanding” clause in these circumstances is to remove rights from certain citizens which are guaranteed in the Canadian Charter of Rights and Freedoms and the Quebec Charter. I should like to know whether it is acceptable to the Government of Canada and whether it supports the diminishment of rights, through this process, of certain Canadian citizens.

Hon. Lowell Murray (Leader of the Government, Minister of Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I suppose Mr. Bourassa would make the argument that the situation of the linguistic minority under the present initiative is better than it was under Bill 101, but that is a matter of opinion. As I indicated earlier, Mr. Bourassa has said that the government had 14 options before it. I don't know what the options were; I did not examine them and, therefore, I am not in a position to judge whether the solution—

Senator Olson: Answer the question!

Senator Perrault: Very conservative! Waffle, waffle, waffle!

Senator Murray: I am not in a position to judge whether the so-called “inside-outside” solution is the appropriate one and whether it is the best one to balance, as the court suggested should be done, the valid objective—

Senator Perrault: Disgusting!

Senator Murray: —of preserving the “l'usage linguistique” of Quebec with the need to protect freedom of expression and the right of the anglophone minority.

Senator MacEachen: It is true that there apparently have been options available to the Government of Quebec. I don't know any more than the Leader of the Government knows about what those options are, but what we do know is that the Government of Quebec chose an option which has the effect of diminishing the rights guaranteed in the Charter to Canadian citizens. That is the option that has been accepted.

What the Leader of the Government is saying on this matter which has electrified the country both in Quebec and elsewhere is that the Government of Canada has no view.

Senator Perrault: No view. Future of the country!

Senator MacEachen: If the government is saying it does not have any view about this development, then I wish the Leader of the Government would tell us. If there is no view, then fine, we would know that.

Senator Murray: Honourable senators, once again I have tried to deal with the matter as fully as I can, and I would invite the attention of the honourable senator and others to the

statements that were made by the Prime Minister today and yesterday in the House of Commons on this matter. The honourable senator says there is a diminishment of rights. I have told him that the Bourassa government would probably argue that, in terms of those rights, the present measure is an improvement over Bill 101 in its original form, but that, as I said, is a matter of opinion.

The honourable senator should carefully read the unanimous judgment that was brought down by the Supreme Court of Canada on this matter.

Senator Frith: Which said their rights were diminished! Exactly!

Senator Murray: In that matter they discussed at some length the Canadian Charter of Rights and Freedoms and the Quebec Charter. As the honourable senator knows, in the Canadian Charter there is a limitation permitted on rights in Article 1—

Senator Frith: Yes, but they did not fall under Article 1.

Senator Murray: —in that the rights are subject to those limitations that can be justified, et cetera, in a free and democratic society. Secondly, there is Article 33, which was accepted by Mr. Trudeau as the price for patriation of the Constitution in 1982.

The Supreme Court went on to state very clearly that ensuring the cultural security of francophone Quebecers was a valid objective and an important objective for Quebec; that it was squarely within their jurisdiction to legislate in this matter. They discussed the guarantees of freedom of expression in the two Charters. They gave some hints as to how the government might effectively balance these two concepts. The Government of Quebec has responded, and, as I say, it responded having studied 14 options beforehand. I am not in a position to comment on the option it chose, not having seen the other 13.

Senator Frith: All of that must mean “no view”!

Senator MacEachen: That is just an extraordinary comment. The minister responsible for this dossier in Canada, on a development which the Premier of Manitoba has called an impending and developing crisis, is unable to give a view as to whether the action taken by the Quebec government is acceptable or unacceptable to the Government of Canada. “I have no view,” says the minister on behalf of the government, “no view at all.”

Senator Perrault: Sad!

Senator MacEachen: I think that is quite extraordinary.

Senator Perrault: Tragical!

Senator MacEachen: I want him to say how it is that the government has no view when one of his colleagues is quoted in *La Presse* as saying today that the action taken by the Government of Quebec is perfectly justified; in other words, that it is appropriate in these circumstances to diminish the rights of certain Canadian citizens which have been granted to them by the Charter. Now the leader says that the Govern-

ment of Canada has no view. I think that should be left on the record as an indictment of the government and its failure to be sensitive to this issue which has gripped the country.

Senator Perrault: Hear, hear!

Senator MacEachen: Everyone has a view except the government, because it is afraid to state a view.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, let the record show that the full statement by my colleague, the Secretary of State, Mr. Bouchard, was that having recourse to the "notwithstanding" clause is a legitimate and legal act in the context of the present Constitution. I have said no less than that myself. To put it more simply, if there is an indictment to be made, let it be made about that great defender of human rights and freedoms, Pierre Trudeau, who accepted—

Senator Frith: Oh, oh! Do you believe it?

Senator Perrault: The Conservatives would love you.

Senator Murray: —who accepted the "notwithstanding" clause and put it there in the Charter of Rights and Freedoms.

Senator Frith: Dr. Barootes, have you another Valium for your colleague?

Senator Barootes: Does it hurt?

Senator Molgat: Have you kept it in Meech Lake?

Senator Murray: Neither he nor anyone else should be astonished if a government has recourse to this provision of our Charter of Rights and Freedoms.

Senator Frith: Just pathetic.

● (2150)

Senator MacEachen: It is interesting that so defenceless is the minister in explaining the policy of the government that he has to have recourse to an attack on Mr. Trudeau, a former Prime Minister. When Mr. Trudeau was in this chamber for five hours discussing the questions of Meech Lake and human rights, the Leader of the Government did not have the courage to attend so as to confront him directly. Senator Murray absented himself in order to conceal his lack of policy, yet he now attacks Trudeau in his absence. That is the courage of this government.

Senator Frith: Let the record show that.

AGRICULTURE

DROUGHT RELIEF PROGRAM—REQUEST FOR DETAILS

Hon. H.A. Olson: Honourable senators, I do not want to raise another question unless this one is exhausted—

Senator Barootes: Let's have one on farming.

Senator Olson: All right, I will give you one on farming—I have two or three others, too. I want to know what happened to the drought program that was announced by spokesmen for the government just two or three days before the election. No

money has yet been received; there is in place no program that we know of; we have heard of no criteria for qualifying for assistance and no formula by which to work it out.

I assume that the minister will have to take this question as notice, but I must say that this is a sad state of affairs. Grain producers, who have a vital interest in this matter, do not yet know whether they will qualify for assistance or, if so, for how much. I want to acknowledge that a program has been announced for livestock producers; but that is not the case for the grain producers.

When the Minister of Agriculture, Mr. Mazankowski, was asked about this a few days ago, all he would say was that the government would honour its commitment. He gave absolutely no other details, so nobody knows what the program will be. Obviously the Leader of the Government has attended Cabinet meetings. Can he tell us now whether he will provide us with at least a broad outline of the program, the criteria for qualification and the formula to be used in determining the payments to be made?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I shall do so.

UNITED NATIONS

ADDRESS BY PRESIDENT GORBACHEV—CANADIAN RESPONSE

Hon. H.A. Olson: Honourable senators, there is one other important matter to which I want to call attention tonight, since this appears to be the only Question Period we will have this week. Will the Leader of the Government seek some information as to when Canada will respond to President Gorbachev's speech to the General Assembly of the United Nations, in which he outlined a number of extremely important initiatives? Although he did not mention any criteria or complementary action with respect to arms reduction, he announced that there is to be a unilateral action in that regard. I understand that the United States is in an awkward position since it is between administrations and because it is required, as a leader of the Western World, to consult with its allies before it does respond, but Canada is not in such a position. Canada has demonstrated a number of times in the past—not with the present government but with previous governments—that it can make a useful contribution by taking a leading role in dealing with some of these matters.

Mr. Gorbachev also put forward a comprehensive proposal by which to deal with the vexing problems we are encountering in our environment. He has offered the use of the U.S.S.R.'s space station to conduct monitoring of the environment under the auspices of the United Nations. When is Canada going to respond to these overtures? Opportunities are only out there for a limited time.

President Gorbachev also offered some constructive suggestions respecting the crushing debt load of the Third World countries. I think it is fair to say that many of us have waited for years in the hope that the leaders of the U.S.S.R. would propose the sorts of offers that were made by Mr. Gorbachev

when he spoke before the United Nations. I think it is inappropriate for a country like Canada, which has in the past been actively involved in such matters, simply to be silent in this instance. Therefore, I ask the minister when there will be some response by the Canadian government to these very important questions that were raised by Mr. Gorbachev.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, on December 7, which was the date of President Gorbachev's address to the General Assembly of the United Nations, the Prime Minister issued a brief statement with regard to the President's announcement about unilateral reductions in military forces. Further to that, on December 8, the NATO ministers issued a statement on conventional arms control. Of course, Canada is part of that alliance. Our view is that, taken together, President Gorbachev's announcement and the December 8 statement on conventional arms control issued by NATO ministers indicate that both sides are preparing seriously for the negotiations, to begin next year, aimed at maintaining stability in Europe at lower levels of conventional forces. These will be important negotiations, because, even after the announced Soviet reductions have been implemented, serious conventional force imbalances to the benefit of the Warsaw Pact will remain. In our view the prospects for serious and productive negotiations have never been better. Honourable senators, that information is taken from a statement made by my colleague, the Secretary of State for External Affairs.

With regard to the proposals made by President Gorbachev on commercial debt reduction and a call for an international debt conference, I can tell honourable senators that these are also under consideration, although the government has reservations about any scheme to transfer responsibility for commercial debts to the public sector. We do believe that the use of existing international fora obviate the need for a debt conference.

Canada has been a leader in bilateral and multilateral efforts to ease the debt burden of developing countries and help them carry out essential economic reforms. We and a number of other developed countries have already written off much of the official development assistance debt for the least developed countries. We also took action at the Toronto Summit on the matter of debt relief. My colleague states that we are prepared to work constructively with the U.S.S.R. and other countries in finding realistic and constructive approaches to managing the problems of the less developed countries' indebtedness.

I do not have notes from my colleague with regard to the statements of President Gorbachev on environmental matters, but I shall ask him what comment he may wish to convey to the Senate in that regard.

Senator Olson: If I may, I will point out to the Leader of the Government that these statements, innocuous as they are, are not entirely satisfactory. Take, for example, the Third World debt problem, which we in this country have regarded as one of the major difficulties facing world commerce. Indeed, many

believe that a crisis will develop unless some additional action is taken. It seems to me that all the Leader of the Government has said is that Canada is acting cautiously and that the government does not believe that any further action needs to be taken. I think that is an inappropriate response.

I shall simply ask again whether the Government of Canada intends to take some further action involving the other half of the world—something which has never happened before—in trying to come to grips with this critical problem.

Honourable senators, I will go no further today, but I hope that the Leader of the Government will give us some indication of what the response of the government will be with respect to the significant offer made by President Gorbachev with respect to the environment.

FIRST MINISTERS

PROSPECTIVE MEETING—MEECH LAKE ACCORD AS AGENDA ITEM

Hon. Jack Austin: Honourable senators, I have a question supplementary to others that were raised earlier with respect to the situation in Quebec. I am sure the Leader of the Government is aware that this evening three members of the Bourassa cabinet, all anglophones, resigned from their positions, and the fourth member has not yet taken a decision in that regard. I raise the question simply to demonstrate once again the sensitivities that are being expressed in the province of Quebec in a language group that does feel threatened.

● (2200)

The *Toronto Star* today is quoting Senator Murray as having taken steps to organize an informal meeting of First Ministers in January. Can Senator Murray confirm that this is being done, and can he also tell us the purpose of that meeting?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I can only tell the house that in October the Prime Minister wrote to the First Ministers because the annual First Ministers' Conference had been scheduled for November and had to be cancelled because of the calling of the election. He wrote to them to indicate that he would be calling them together some time early in the new mandate, as he put it, for an informal meeting, and that this would probably be followed by a more formal meeting later on.

No date has been set, but we will be in touch with the provinces before long to arrange an informal meeting. This is the practice that was followed immediately after the 1984 election.

Senator Austin: Can we expect the question of the process of the approval of Meech Lake to be one of the agenda items?

Senator Murray: Honourable senators, I would be astonished if it were not.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

13th December, 1988—Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Gigantès*). (1st day of resuming debate)

Hon. Philippe Deane Gigantès: Honourable senators, I yield temporarily to Senator Frith.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I asked Senator Gigantès to yield to me very briefly because I should like to make a comment about this debate.

I believe that we are departing from tradition—not from the rules but from tradition—in this place as it relates to the motion for an address to Her Excellency the Governor General in reply to her speech at the opening of the session. As I recall it in the twelve years that I have been here, this debate usually consists of a motion proposed by a new member of the house on the government side and seconded by another member of the house on the government side. The wording of the address is, in part:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

The tradition has been that the debate which follows consists of speeches by the mover and seconder speaking about the Senate and often about their province—some information or a position taken by the province, that is, the senator's province, in general, and usually the speech is very non-partisan. For that reason the debate usually ends there.

I may be wrong—and I hope that I am, in a sense, but I do not think I am—but I do not ever remember the debate consisting of anything more than the contribution by the mover and the seconder, because it is usually of such a non-partisan nature that nobody has any trouble supporting it. Therefore, the opposition does not intercede in the debate.

However, in this instance the mover, Senator Chaput-Rolland, apparently provoked Senator Gigantès by some of the things that she said.

Senator Barootes: That's easy to do.

Senator Frith: I cannot say that Senator Gigantès needs to feel perfectly lonely about this, because, for example, Senator Chaput-Rolland said that she wants to say as clearly as she can that:

... when a majority of non-elected members believes that it has inherited a morality of decisions, then it does not serve its country nor its party very well.

I cannot imagine anyone in this Senate, other than all of the senators on this side who would be so described, who would be

in Senator Chaput-Rolland's mind. The only reason I am less provoked, perhaps, than Senator Gigantès is that I do not know what "inherited a morality of decisions" means. Maybe Senator Gigantès will be able to tell us what that means.

If we are breaking with tradition—maybe we want to—perhaps the address in reply should be more partisan and should launch a general debate on the Speech from the Throne. However, my recollection is that it never has before; I preferred it the other way. I hope that the more partisan nature of the address in this case was not meant to set the tone for the Parliament that we are now launching.

Senator Gigantès: Honourable senators, I should like to congratulate Senator Solange Chaput-Rolland for reviving the noble 17th Century oratorical tradition of the French cathedrals, where grammar, syntax and vocabulary were mixed with incense in adulatory addresses to the rich and powerful. Not since Bossuet, or Fénelon even, has language played such music for a ruler's ear. Laudable indeed is loyalty.

Less laudable, however, are professions of devotion to national reconciliation when they are adulterated by the uttering of inventions authored by those whose avowed aim is the breakup of Canada.

The invention in question is the one echoed by the Honourable Senator Solange Chaput-Rolland when she said that the promises made to Quebec during the 1980 referendum were not honoured by the government of Prime Minister Pierre Elliott Trudeau.

The invention—the myth—is that to defeat the Péquistes in the referendum Mr. Trudeau promised to give Quebec a Meech Lake type of provincialist constitution, and that having defeated the separatists he reneged on his promise.

He did promise a renewed federalism, but it was unarguably clear from the very first, and throughout the referendum campaign, that he was promising what he eventually delivered with the Constitution of 1982, and nothing more.

Did Mr. Trudeau and his lieutenants deliberately allow the people of Quebec to mislead themselves into thinking that he had suddenly changed from being a believer in a strong national government to a proponent of more power for the "Billy Vander Zalm's" or the "Sterling Lyons" of this world? Absolutely not.

Certainly, the late Mr. René Lévesque had no delusions about what Mr. Trudeau meant by "renewed federalism". In an interview printed by *Le Devoir* on May 16, 1980, four days before the referendum, Mr. Lévesque said that judging by the—

[Translation]

... some comments Trudeau made recently, ... the new formula (will) be as centralizing ... as ever.

[English]

This was not an attempt by Mr. Lévesque to distort the views of Mr. Trudeau and his government, apart from the fact that the late Premier of Quebec used the word "cen-

tralisateur" to describe the strong national government Mr. Trudeau wanted.

● (2210)

However, that is not all. Mr. Chrétien, speaking for the Trudeau government, made sure that no one could have any delusions about what Mr. Trudeau was promising. Towards the end of the referendum campaign Mr. Jeffrey Simpson of the *Globe and Mail* asked Mr. Jean Chrétien on CTV's *Question Period* what Mr. Trudeau's "renewed federalism" meant. Mr. Chrétien replied, and I quote:

What we have to do, basically, is to recognize some basic principles that should preside over the elaboration of a new constitution. The principles are that you need a national government;... that the federal government should be strong enough to be able to redistribute the wealth of Canada, and all that being done without giving any province a real special status.

One person who could not possibly have deluded herself about what Mr. Trudeau meant was the Honourable Senator Solange Chaput-Rolland. After all, she had been a member of the Pepin-Robarts commission that had proposed to Mr. Trudeau, as she has so often written, something close to the Meech Lake Accord, and she certainly made no secret—in numerous articles—of her anger at Mr. Trudeau for rejecting her constitutional blandishments. Suddenly, now she says she believes what she earlier knew not to be so.

What is wrong with that? What is wrong is that she encourages those who wish to deceive moderate Quebecers and make them bitter towards the national Government of Canada. What these people are saying—and it is a carefully orchestrated campaign of lies—is: "Those of you who voted against the Péquistes were tricked; you were lied to; you cannot trust Ottawa." It is a common tactic, the "we was robbed" tactic of the boxing manager. In this instance it is destructive of national unity, because it tells the citizens of a whole province that they cannot trust the rest of Canada. At this particular time it is particularly destructive. "You was robbed." It is a natural reflex. The Secretary of State, the Honourable Lucien Bouchard, was in the grip of that reflex, no doubt, when he said, during the campaign, that opposition to the free trade deal was a sinister, anti-Quebec plot hatched in Ontario—even though some of his cabinet colleagues were saying all over Ontario that it was Ontario which would most benefit from the trade deal. Pitting one province against another in a country such as ours is destructive of national unity.

However, I believe that the Honourable Senator Chaput-Rolland now truly believes what she earlier knew so well not to be so. Why do I believe that? Because I too have sinned. I once believed what I knew not to be believable. I once believed that in the Joint Committee on Canada's International Relations, of which both Senator Doyle and I were members, that Tories and Liberals could use the same words to mean the same things. My father had warned me about the danger of making such assumptions. But I forgot, and I signed a document

thinking its words meant what I thought they meant, in their entirety and in their context.

I am referring, of course, to the statement made by Senator Doyle in this chamber on December 13. He said, and I quote:

We urged that the Prime Minister immediately undertake the steps that would lead to a treaty that would produce freer trade between the United States and Canada.

Let me read to you what was actually recommended in the report that Senator Doyle and I both signed. I quote from page 147:

The committee recommends that the government make strenuous efforts to achieve orderly and balanced trade liberalization.

The committee believes it is important to begin a new round of multilateral trade negotiations as expeditiously as possible.

It is essential that any agreement between Canada and the United States be entirely consistent with the obligations of both countries to the GATT.

Honourable senators, these recommendations summarize the foreword and chapter six of the report written by the Joint Committee on Canada's International Relations.

Let me give you some more quotations. On page 14 of this report it says:

Most of these witnesses were worried that U.S. influence of one kind or another would undermine the country's independence. This concern showed itself in several policy contexts.

Then on page 68:

As we discussed in our interim report, these factors persuaded the government that it was necessary to explore the possibility of negotiating freer trade arrangements with the United States.

Honourable senators, the anxiety by all of the witnesses was clearly expressed. It was not something that this committee—or at least the Liberal members of this committee—signed enthusiastically; they signed with apprehension. The context in which we discussed the Free Trade Agreement with the U.S. was the GATT context and Article XXIV of the GATT, which defines a free trade zone as one in which all tariffs are eventually eliminated. We did not recommend, nor did we discuss, giving away such things as we gave away in Article 1603 of the Free Trade Agreement, relinquishing our GATT rights to impose conditions on foreign investors. Nor did we discuss in the committee giving Americans the right to buy unconditionally any Canadian company, as is set forth in the annex to Article 1607.3 of the Free Trade Agreement. We thought we were signing a document that dealt with what we had discussed. In the event, we are told by Senator Doyle that we signed much more. It was our mistake. Next time we Liberals should have lawyers define every word before we sign a unanimous report.

[Senator Gigantès.]

● (2220)

Therefore, honourable senators, if I could be led to believe what I earlier knew I should not believe, why should I object to Senator Chaput-Rolland showing the same intellectual frailty in believing Mr. Claude Morin, who says on the first page of the foreword of his book, *Lendemain piégé*: "... les libéraux ont manqué à leur promesse référendaire", but who admits on page 16 of the same book that during the referendum "il était très clair ce que les libéraux avaient promis" a renewed federalism unlike that recommended by Senator Chaput-Rolland, and totally like what Mr. Trudeau had always preached.

On motion of Senator Doody, debate adjourned.

NATIONAL DEFENCE

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

Hon. Henry D. Hicks, pursuant to notice of Tuesday, December 13, 1988, moved:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.

He said: Honourable senators, a word of explanation is probably in order. The predecessor to this committee, which was a subcommittee of the Foreign Affairs Committee, began its study of the Canadian Forces some five years ago and produced a report which had some influence, though not as much as we would have liked, on government policy with respect to manpower in our armed forces. That report was followed by one on Maritime Command, in which we recommended the acquisition of the Canadian Patrol Frigates. While I am sure that we were not the only body to make such a recommendation, it was subsequently adopted, and the government is now in the process of acquiring the second batch of patrol frigates. We also recommended certain other points with regard to Maritime Command. The committee then issued two reports having to do with our air forces—the first dealing with North American air defence and the second

dealing with Air Transport Command. Up to that point our committee had covered the armed forces of Canada, with the exception of land forces. This last study on Canada's land forces, and chiefly Mobile Command, commenced somewhat over one year ago has been held up because of delays in Parliament.

It is my intention, and my colleagues on the committee agree with me, to include in this last report an update of the cost of all the recommendations that we have made, with notations as to those recommendations that have been implemented, so that we may see in one document what recommendations we have made for the armed forces of Canada. The work on this report is almost completed. Indeed, had Parliament not been prorogued I believe we would have completed our text within three weeks of the time of prorogation and we would now be in the process of approval, editing and translation.

I am determined that we finish this report before the end of the current fiscal year, no matter what influence the election campaign may have had on our work. I think that, after the five years, more or less, that we have spent on this analysis of Canada's armed forces, it would be a great shame if we did not finish up our program as quickly as possible. I believe that it is possible to complete our task before the end of March. As for the budget, while it is true that we have no budget in a new Parliament, the moneys provided in the budget in the previous Parliament are more than enough to pay for the remaining work that has to be done by the committee.

I should think that this is a non-controversial motion, and I hope that it will receive the support of honourable senators. I believe that we will produce a document that will be important in its analysis of the Canadian Forces and Canadian defence. I invite honourable senators' support for the motion.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

Hon. Sidney L. Buckwold: Honourable senators, before that motion is put, would you allow me to ask a question of Senator Hicks?

Senator Frith: Of course.

Senator Buckwold: In view of what I can gather, the Senate and Parliament will not be in session until probably toward the end of February. Will that be enough time for the committee to do its work, to review its report and to have it printed by March 31, which is really just a few weeks later? I am wondering if our former chairman would consider changing the date from March 31 to April 30 to give the committee a little more time to look into a fully comprehensive report.

Senator Hicks: Honourable senators, I am a little puzzled at the deputy leader's motion to adjourn the debate. It seems to me that the matter is straightforward and that we ought to deal with it tonight so that we can get the research staff of the committee working as quickly as possible. If that were so, I believe we could complete the report, including its translation and printing, by the end of this current fiscal year. Therefore, I am unhappy that Senator Frith has moved the adjournment

of the debate, which, coming at this time of the year, is bound to introduce long delays and which, I think, will add absolutely nothing to the material that will be placed before us before we make a decision on this motion.

● (2230)

Senator Frith: Honourable senators, I would prefer to explain my reasons for moving the adjournment of the debate to Senator Hicks rather than to the Senate. If, after my explanation, he still wishes that I explain my reasons to the Senate, I shall do so. The adjournment will be to the next sitting, which is next Tuesday. I can say that my reasons for moving the adjournment of the debate are the same as they were for not granting leave for the motion to be dealt with last week.

Senator Hicks: Honourable senators, I do not understand what they were either.

Senator Frith: I explained them to you at some length last week, and it would be a waste of time to explain them now.

Senator Hicks: Well, what they amounted to was a shooting down of the finishing of the work of the committee, and I certainly cannot agree to that.

Senator Frith: Then, I shall explain. The reason is that I asked Senator Hicks, as we ask all members on this side when

they are moving motions on which they want the support of our caucus, to bring the matter before caucus so that caucus may decide. If someone wants to move a motion without discussing it with caucus, then they must not expect that they can count on the support of caucus. I asked that I not have to explain—

Senator Doody: This is very embarrassing.

Senator Frith: —and that is what I explained to the honourable senator last week. Nothing has changed since that leave was refused, and the matter has not been discussed.

Senator Doody: These quarrels are very embarrassing.

Senator Hicks: Honourable senators, it is true that I have been absent from some events because of illness, but I had understood that this matter was placed before caucus in my absence.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Hicks: Nay.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Tuesday, December 27, 1988, at 2 p.m.

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(Subject to change from day to day)

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, December 27, 1988

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

[Translation]

CLERK'S ACCOUNTS

STATEMENT TABLED

The Hon. the Speaker: Honourable senators, I have the honour of announcing that, in accordance with Rule 112, the Clerk of the Senate has tabled a detailed statement of his revenues and expenditures for the fiscal year ending on March 31, 1988.

REFERRED TO COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government) moves:

That the Clerk's Accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

[English]

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Committee on Foreign Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such

bills, subject-matters of bills and estimates as are referred to it.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting tomorrow, Wednesday, 28th December and Thursday, 29th December, 1988, and that Rule 76(4) be suspended in relation thereto.

Motion agreed to.

QUESTION PERIOD

[English]

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETINGS—PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, in the spring of this year, when it appeared that the Meech Lake Accord was in some difficulty, I asked the Leader of the Government if he would consider calling meetings with the premiers to have further discussions. At that time he assured me that it was this accord or nothing. I accepted that. I do not know if I agreed, but I know that that was what he was saying.

The Meech Lake Accord has been brought into the Bill 101 question by the Premier of Quebec and by Mr. Filmon. They have been tied together, and it appears that there will now have to be meetings with the government and the premiers to discuss Meech Lake.

My question to the Leader of the Government is this: If such discussions concerning Meech Lake take place at any time in the future, will he ensure that the elected representatives of the Yukon and the Northwest Territories are present for those discussions? At this time I am not asking him what will or will not be discussed. I am only asking for the assurance that, if there are discussions, the elected leaders of both territories will be present for the discussions, because they were not present the last time.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister

of Communications): Honourable senators, my friend's question is based on a faulty hypothesis, namely, that discussions might be held to reopen the Meech Lake Accord. There is no intention of doing so.

The one point of the premise to his question with which I agree is that there will be meetings of First Ministers in the future. The Prime Minister so indicated in a letter he sent to the premiers in October, after the election was called, necessitating the cancellation of the meeting that had been scheduled for November. There will be a private luncheon or a private meeting of First Ministers after the turn of the new year, as was done following the 1984 election.

I believe we can probably look forward, if there is agreement, to a more formal public meeting of First Ministers later on. At that meeting, as at previous formal public sessions, the territorial governments would of course be represented and the leaders of those governments would be invited to speak.

Senator Lucier: Honourable senators, of course this is a hypothesis; it has to be. That is how Meech Lake came about. No one knew that it was happening until the day it took place, and then it was too late to speak about it.

● (1410)

The people of the Yukon and the Northwest Territories were not represented when the meetings took place. The whole of Meech Lake was done without the participation of either of the territories. I am asking for the minister's assurance that, if discussions take place again concerning Meech Lake, we shall be at the table and shall be represented by our elected representatives, as the other people of Canada are.

I have a quotation here from a statement made by the Premier of Alberta last week. He said:

Meech Lake is an agreement between first ministers. If there are any problems with Meech Lake, I think we should get together as first ministers and make sure we bring the premiers who are having trouble on side.

You do not have to know a lot more than that about the mentality of the premiers to know why I am asking this question. The people of the north want to be represented if the north is being discussed at any constitutional meetings.

I would like the assurance of the minister that the government will at least ask the premiers if they will have our elected representatives there. If they will not do that and the premiers object, we would like to know which premiers object.

Senator Murray: Honourable senators, the question remains hypothetical.

Senator Lucier: The answer remains very blank.

MEECH LAKE ACCORD—FIRST MINISTERS' MEETING—STATUS OF REPRESENTATIONS OF PREMIER OF MANITOBA—REQUEST FOR COPY OF GOVERNMENT'S REPLY

Hon. Jack Austin: Honourable senators, at the last sitting I asked the government leader whether Meech Lake would be on the agenda of a First Ministers' meeting. He said that he would be astonished if it were not.

[Senator Murray.]

With respect to that meeting, has the government leader just told us that the representations of Premier Filmon with respect to changes in the Meech Lake Accord will be rejected?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): The honourable senator had asked whether Meech Lake would be discussed. I hope I did not misunderstand his question, and I hope he did not misunderstand my answer. Of course, the status of the agreement that has been reached by the First Ministers is almost certain to come up at the meeting. However, that is not to say that the First Ministers would be addressing themselves to changes in the accord. That would astonish me.

Senator Austin: But, as I just said to the minister, Premier Filmon has said that he has changes to suggest in the Meech Lake Accord. Is the minister suggesting that those will be rejected or have already been rejected?

Senator Murray: Honourable senators, I am unaware of any changes being advocated by Premier Filmon.

Senator Austin: So the minister is saying that no representations have been made by the Premier of Manitoba with respect to the Meech Lake Accord that suggest any changes in the accord.

Senator Murray: That is correct, honourable senators.

Hon. Gildas L. Molgat: Honourable senators, I have a supplementary question. Has the Prime Minister, the Minister of State for Federal-Provincial Relations or the government received a letter from Premier Filmon requesting a meeting on constitutional matters?

Senator Murray: Yes, honourable senators. I believe that letter was made public by the Government of Manitoba. Further to that, the premier called me just before he announced that his government was withdrawing the resolution from the order paper of their legislature.

Senator Molgat: So the government has received the request, then, from Premier Filmon. Has the government responded that they would agree to such a meeting?

Senator Murray: Honourable senators, the response of the government was that the Prime Minister had already written to the premiers, in October, suggesting that an informal meeting would be held early in the second mandate of the government. That meeting will be held as soon as a mutually convenient date can be set.

Senator Molgat: So we are to understand that the government has not responded to the recent letter from the Premier of Manitoba. In other words, there has been no answer.

Senator Murray: Honourable senators, I cannot say for certain whether a letter has been sent to Premier Filmon, but I am virtually certain that his government and his officials have been reminded of the previous letter that the Prime Minister sent to the premiers in October. That constitutes our response to his call for a meeting.

Senator Molgat: Could the minister undertake to find out if a written reply has been made and if we can get a copy of that reply?

Senator Murray: Subject to the usual reservations, the answer is yes.

MEECH LAKE ACCORD—SENATE REFORM—REPRESENTATIONS
OF PREMIER OF MANITOBA

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government that is supplementary to my previous question. The *Globe and Mail* of yesterday's date quotes Premier Filmon as saying that the Meech Lake Accord is too narrow, because it fails to include any assurance of a reformed Senate. Premier Filmon has said that Senate reform is urgently needed to protect the interests of smaller provinces. I should like to ask the Leader of the Government in the Senate whether this information has been communicated to the minister.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the minister reads the *Globe and Mail*, as do my honourable friends opposite. I have seen the reference to which my honourable friend refers and my only comment on it is the same as I would make to the proposition advanced a week or so ago by Senator Molgat, that at Meech Lake we should have done something about the "notwithstanding" clause, because the purpose of the Meech Lake exercise was to repair the great gap that had been left in 1982 and to bring Quebec back into the constitutional family.

Further in reply to either Premier Filmon or Senator Molgat, or anyone else, in regard to the "notwithstanding" clause, reform of the Senate or any of these other important issues, I would say that it would not have made very good sense to hold Quebec's return hostage to a successful negotiation of these other, unrelated issues.

Hon. Royce Frith: But Quebec must have felt itself included in the Constitution in order to invoke the "notwithstanding" clause in that very Constitution.

MEECH LAKE ACCORD—CONSIDERATION OF
"NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS—
REPRESENTATION OF PREMIER OF MANITOBA—REQUEST FOR
REPLY TO PREMIER'S TELEPHONE CALLS

Hon. Joseph-Philippe Guay: Honourable senators, it seems to me that both the Leader of the Government in the Senate and the house leader in the other place invariably make reference to the 1981-82 constitutional negotiations when they talk about the "notwithstanding" clause. I am among those people who believe that that matter could have been rectified when the Meech Lake Accord was under consideration.

However, the present Premier of Manitoba, Mr. Filmon, was not involved in the discussions at Meech Lake. There have been questions by other honourable senators today as to whether or not the Prime Minister has answered Mr. Filmon's letters. I am not so concerned about the letters as I am about

the telephone that which Mr. Filmon made to the Prime Minister and to which, he has claimed, he did not receive a response. I would ask the Leader of the Government in the Senate if he would do something about this matter in order that Mr. Filmon might receive a satisfactory response.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, when Premier Filmon called me a week or ten days ago, I took the call. However, when Mr. Filmon tried to call the Prime Minister, the Prime Minister was on his way to Question Period in the House of Commons. I can assure the honourable senator that there was no discourtesy offered to the premier or to the Government of Manitoba, or to any other government. If the Premier of Manitoba wishes to enter into contact with the Prime Minister, that will be arranged as soon as possible. There is no problem there.

However, I do wish to come back to the matter of the "notwithstanding" clause and to other issues which people tell us we should have repaired at Meech Lake, whether it be the rights of the aboriginal peoples, improving the constitutional recognition of multiculturalism or whatever. There was one outstanding gap that remained to be filled after 1982, and that was to bring Quebec back into the constitutional family. Quebec had indicated that there were five conditions under which it would return to the constitutional family. The ten premiers, meeting in Edmonton in August of 1986, had agreed that the Quebec Round would concentrate on bringing Quebec back into the constitutional family on the basis of those five conditions, and that they would not allow linkages to take place with other issues, such as Senate reform and so forth, which would be put off to a second round of constitutional negotiations to take place after Quebec was back in.

Let me say that it would not have been fair and it would not have been very wise to have tried to settle a range of other constitutional issues—whether it be Senate reform, the "notwithstanding" clause or whatever—which were unrelated to the return of Quebec to the constitutional family.

● (1420)

Senator Guay: Honourable senators, the Prime Minister and the minister keep referring to that clause in the Charter of 1981 and 1982. Apparently they were aware that this clause should be rectified, but in fact it was not rectified in the Meech Lake Accord. It would have been easy at that time to change that particular clause, and it would not have done any harm with regard to "getting the whole family back together", as the honourable senator has put it.

Senator Murray: Honourable senators, not only would it have been difficult to make that change then but it would be no easier to do so today. That clause was accepted by Prime Minister Trudeau.

Senator Hastings: At the insistence of Peter Lougheed.

Senator Murray: Yes, it was demanded by various premiers. However, it is there in the Charter now, and to negotiate our way out of it would require other concessions.

Senator Buckwold: You have nothing left to concede!

Senator Murray: I do not want to get my honourable friend's hopes up about the "notwithstanding" clause; it will be there for some time to come. The First Ministers have agreed on a number of other matters, including Senate reform, that should be at the top of the constitutional agenda for the second round of discussions.

AGRICULTURE

WESTERN GRAIN STABILIZATION PROGRAM—FINAL PAYMENT

Hon. Hazen Argue: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. The first payment under the Western Grain Stabilization Program was announced some months ago. I realize that it is fairly late in the year for the final announcement, but can the minister make inquiries as to when this announcement may be made? People are waiting for the announcement and are waiting for their money.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I shall do so.

THE CONSTITUTION

INCLUSION OR EXCLUSION OF QUEBEC

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask a question of the Leader of the Government with regard to the phrase "in and out of the Constitution"? This phrase—namely, that Quebec is out of the Constitution, or that Quebec has to be brought back into the Constitution—has been used very frequently by the government in justification of the Meech Lake Accord. Quebec at least paid a short visit back into the Constitution to invoke the "notwithstanding" clause, which is part of the Constitution it says it was left out of, did it not?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the exclusion of Quebec in 1982 had a number of immediate effects. One was the routine invocation of the "notwithstanding" clause by two governments of Quebec up until, I believe it was, the month of March 1987. In other words, the Quebec government did not accept the legitimacy of the Canadian Charter of Rights and Freedoms and routinely exempted the laws of that assembly from the operation of the Canadian Charter of Rights and Freedoms.

Senator Frith: By using the Constitution to do it.

Senator Murray: In fact, the previous Parti Québécois government had proposed a return to negotiations under certain conditions, one of which was the exemption of Quebec from most of the provisions of the Canadian Charter of Rights and Freedoms. The second effect that the exclusion of Quebec from the Charter in 1982 had on our country was that Quebec

refused to take part in any further constitutional amendments until its own acceptance of the Constitution had been negotiated. The result was that in a series of First Ministers' constitutional conferences on aboriginal constitutional rights it was that much more difficult to achieve agreement because of the absence of one of the major players in Confederation.

Senator Frith: Flim-flam!

Hon. Paul Lucier: Honourable senators, I have a question of clarification for the minister. The minister continues to use the phrase "the exclusion of Quebec". I do not know whether I understand this properly, but I did not know that there was ever an exclusion of Quebec. I thought that Quebec had decided not to participate. I have never thought that Quebec was excluded, unlike the people of the north who were excluded from the Meech Lake Accord. We were told that we could not be included. I wonder whether the minister is making a distinction, if there is one, or whether I am just misunderstanding something.

Senator Murray: There was a very important long night when Quebec was not invited or present.

Senator Bosa: In the kitchen!

Senator Lucier: I think they were invited, but they chose not to come!

THE CONSTITUTION

MEECH LAKE ACCORD—CONSIDERATION OF "NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS— IMPORTANCE OF CLAUSE TO QUEBEC—DIVERGENCE OF OPINION BETWEEN PRIME MINISTER AND SECRETARY OF STATE

Hon. Dalia Wood: Honourable senators, my question is to the Leader of the Government in the Senate. As I understand it, he has just said that the "notwithstanding" clause is going to be with us for some time and that it probably will not be changed. How will the government cope with the divergence of opinion between the Prime Minister and the Secretary of State, Mr. Bouchard, who says that the "notwithstanding" clause is essential for the survival of Quebec values?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, the difference is largely in the mind of my honourable friend. It is not hard to see that so long as Quebec has not accepted the Constitution, has not returned to the constitutional fold, the constitutional family, the "notwithstanding" clause is a very important safeguard for that province.

OFFICIAL LANGUAGES

ALLOCATION OF MONEYS IN QUEBEC—PROVISION OF SOCIAL SERVICES

Hon. Dalia Wood: Since the Secretary of State presently has complete control over the moneys going into Quebec for bilingualism, if the Government of Quebec states, as it did on

[Senator Murray.]

the weekend, that Montreal, for instance, will never be a bilingual city, will the government retain some control of the moneys allocated to that area?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I am not sure what the honourable senator is trying to say about the Secretary of State's responsibility for minority language communities across the country, but the fact of the matter is that the present Secretary of State has completed a number of important agreements with the provinces and, in fact, some very important negotiations are now taking place with the Province of Quebec relating to such matters as provincial health and social services to the anglophone minority in Quebec.

The minister, as the record will show, is acquitting himself of his responsibility for minority linguistic communities in a very distinguished and successful fashion.

Senator Wood: The honourable senator knows that this weekend Mr. Bourassa said that even though Mr. Bouchard may have the right to allocate moneys to Quebec he will not allow those to be used for bilingual purposes. Therefore, my question is: Are the social services to be provided in only one language?

Senator Murray: Honourable senators, I have not seen the statement by Premier Bourassa to which the honourable senator refers. Let me first simply say that we have, in our own jurisdiction, Bill C-72, which applies across the country and to everywhere in the country. Second, in the provincial jurisdictions it has been our policy—and a successful one it is—to come to the aid of linguistic minorities through cooperation with provincial governments. We are doing that in Quebec. My goodness, tens of millions of dollars are being spent by the federal government pursuant to federal-provincial agreements to assist the minority linguistic community in Quebec now. This has been going on for some years.

[Translation]

THE CONSTITUTION

MEECH LAKE ACCORD—CONSIDERATION OF "NOTWITHSTANDING" CLAUSE IN CHARTER OF RIGHTS— POSITION OF QUEBEC ON POSSIBLE REMOVAL

Hon. Norbert L. Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate, further to what I gather from his answer. Did I correctly understand him to say that if Quebec joined the Constitution or signed the constitutional agreement, it would at the same time agree to remove the notwithstanding clause?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) and Acting Minister of Communications): No, honourable senators, that is not what I said.

[English]

Senator Thériault: I understood the Leader of the Government to say, and the record will show—I am not talking to you, Senator Flynn!

Senator Flynn: Am I talking to you?

Senator Thériault: I understood the Leader of the Government to say that there is no chance that the "notwithstanding" clause will be abolished so long as Quebec has not signed the Constitutional Accord. Perhaps the Leader of the Government should check the record, because that is what I understood him to say.

Senator Flynn: Check it yourself!

Senator Murray: Honourable senators, let me take my honourable friend through it once more.

One of the results of the exclusion of Quebec from the 1981-82 exercise was that Quebec did not accept the legitimacy of the Canadian Charter of Rights and Freedoms. For that reason, up until March or April of 1987, Quebec routinely exempted the laws of its National Assembly from the Canadian Charter of Rights and Freedoms.

● (1430)

The fact of the matter is that one of the results of Meech Lake, once proclaimed, will be that Quebec will accept in its entirety the legitimacy of the Charter of Rights and Freedoms. In the meantime, as the Government of Quebec and the Secretary of State have pointed out, the "notwithstanding" clause has special significance for that province.

Senator Thériault: That is the whole point. The "notwithstanding" clause was used this time in Quebec not only to circumvent the Constitutional Accord of 1982 and the Canadian Charter of Rights but also to circumvent their own Charter of Rights.

Senator Flynn: Not at all. You are all mixed up.

[Translation]

Senator Thériault: You think you are the only one who understands. We have been following this story for a long time. Quebec never made a great effort to help the minorities outside Quebec. We have no lesson to learn from you or anyone else.

Senator Flynn: We shall not give any either.

Hon. Jean-Maurice Simard: Let us return to the subject at hand!

Senator Thériault: If you have something else to say, I am ready to listen.

[English]

Senator Frith: If the dog sleeps, let it lie.

Senator Thériault: The fact of the matter is that you skate around as Leader of the Government in the Senate. That is what you have been doing on Meech Lake, on the "notwithstanding" clause and on the issue of "distinct society". According to your interpretation when we were discussing Meech Lake earlier in the year—By the way, I was prepared to support Meech Lake at that time.

An Hon. Senator: Ah ha!

Senator Thériault: I was, yes, because I thought there was some fairness in this country.

Senator Murray: I must look up your vote.

An Hon. Senator: We will expect your vote.

Senator Thériault: You said that the "distinct society" clause did not mean certain things. Now you are saying that if the Meech Lake Accord were in force and all the provinces signed it then Quebec would not need the "notwithstanding" clause, because this would be taken care of by the "distinct society" clause. That is what you are saying; that is what many others have been saying; that is what Bourassa is saying.

Senator Murray: Honourable senators, I would thank my honourable friend to read the replies that I have carefully given to the questions that have been put on that issue today. If he does so, he will see that his own interpretation is quite at variance with what I have said.

[Translation]

CANADA-UNITED STATES FREE TRADE AGREEMENT

DISADVANTAGES TO CANADIANS OF AVAILABILITY OF AMERICAN USED CARS

Hon. Azellus Denis: Honourable senators, may I ask the Leader of the Government in the Senate a question? In the tons of advertising for which the Government paid millions, probably a record amount, there is no mention of the possible disadvantages of the Free Trade Agreement. On the contrary, everything is in favour of the Free Trade Agreement.

I read in the generalities, which are only hypotheses or suppositions, that the Agreement will gradually eliminate the embargo on used cars and thus give Canadians greater choice. I would like to know this from the Leader of the Government: What are the advantages of a wider choice of used cars for Canadians?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) and Acting Minister of Communications): Honourable senators, my friend and colleague will have the opportunity to discuss this question and others during the debate that will begin in a few minutes.

The Senate Foreign Affairs Committee will also hold hearings where the Minister and officials will be present to answer my friend's questions.

Senator Denis: That is exactly why I asked you the question—so that they could be prepared for it.

I would like to know how access to American used cars can be advantageous. I heard that American used cars are much cheaper than Canadian ones.

Hon. Joseph-Philippe Guay: It's rust!

Senator Denis: Therefore, our used cars lose value compared to American cars as a result of the Free Trade Agreement.

[Senator Thériault.]

For example, once the Agreement is in force, when I want to trade in my car for a new one, I may get \$200 or \$300 or \$400 less for it as a result of the Free Trade Agreement. I want to know if that is an advantage. Besides that, we will have trouble finding out who owned the American used cars and whether the odometer was changed and making sure that the used car a Canadian buys is not completely used up or worn out.

I do not see in this ton of advertising what could be to our benefit in the Free Trade Agreement. Would it be that Canadians will have a bigger choice of old cars, when this wider selection will result in each and every car owner in Canada losing \$300 or \$400 or more? For more expensive models, it could be up to \$800 or \$900 or more.

Hon. Royce Frith (Deputy Leader of the Opposition): The debate is on!

Hon. Jean-Maurice Simard: I am sure that Minister Crosbie will give you an answer in French!

[English]

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications) moved the second reading of Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

He said: Honourable senators, on September 7 last I opened debate on second reading of Bill C-130, to implement the Canada-United States Free Trade Agreement. On September 15 that bill received second reading and went to the Foreign Affairs Committee. On October 1 the bill died when the Thirty-third Parliament was dissolved and the general election was called for November 21.

Bill C-2, which is now before the Senate for second reading, is essentially the same bill that was before us at dissolution. The government has returned, fortified by a mandate from the electorate, to proceed with the Free Trade Agreement and to proceed with this bill. That, as we have been told in the Speech from the Throne on December 12, is the primary purpose of this early session of the Thirty-fourth Parliament.

Honourable senators, this chapter in the free trade debate is coming to an end. It has been a very long one and I will try not to prolong it unduly.

For the record I would say:

[Translation]

Honourable senators, the Senate Committee on Foreign Affairs recommended to Canadians free trade with the United States first in 1978, and again in 1982, just as did the Macdonald Inquiry in 1985. In all these instances, the recommendation came after a very comprehensive study.

In keeping with these recommendations, the Government, which saw the opportunity to obtain for Canada some major

economic benefits, started negotiating free trade with the United States in June 1986, and in October 1987 reached an agreement which was officially signed in January 1988.

Never before in the history of Canada were the private sector and the provincial governments so scrupulously consulted during international trade negotiations.

The Free Trade Agreement was supported by eight provincial governments. It was also supported by most of the various organizations representing Canadian industrialists and exporters. It was the subject matter of numerous independent studies which highlighted important economic advantages for each and every region in Canada.

In Parliament, free trade was extensively debated. The Standing Committee on External Affairs and International Trade of the House of Commons heard 158 witnesses in 24 days in autumn 1987.

The Senate Committee on Foreign Affairs held 43 meetings and heard more than 90 witnesses in 98 hours in November 1987.

Bill C-130 was tabled in May 1988 and debated by the House of Commons and its legislative committee during almost 160 hours over 39 days.

Bill C-2, tabled on December 14, was debated in the other place for 70 hours during a seven-day session with extended hours.

● (1440)

[English]

Honourable senators, the Free Trade Agreement, as the Prime Minister has pointed out, is first and foremost an insurance policy for two million Canadian jobs that now depend on our trade with the United States. All remaining tariffs between our two countries will be removed over a ten-year period. It is true to say that 80 per cent of our exports now enter the United States tariff-free anyway. But the tariff remains on those value-added products, on finished goods, where so many jobs and job opportunities are and where, with the removal of tariffs, there will be increased opportunities for expansion and job creation in Canada.

Canadian consumers and producers will pay less for U.S. products. There will be no more U.S. quotas on Canadian uranium and steel exports, no more import taxes on Canadian oil and gas exports and no more customs user fees on any Canadian exports. Under this agreement we will have a dispute-settling mechanism that provides a shield against U.S. protectionism, whether it be from Congress or the administration. This dispute-settling mechanism is superior to that existing in any other trade agreement now in force in the world. It has attracted the interest of and is the envy of many other countries, including Japan.

There are new provisions in the Free Trade Agreement regarding services, government procurement, business travel and investment. The obvious advantages to Canada flowing from the Free Trade Agreement are sufficient, in my view, to commend it to the support of the Senate. This Free Trade Agreement will place on a more stable and secure basis the

largest bilateral trading arrangement in world history. That, it seems to me, is a compelling—even a decisive—reason to support the agreement and to support this bill.

Canada is not seeking to be part of a “fortress North America”. We recognize that the world is shrinking, that nations are increasingly interdependent, that business, wherever it is located, operates more and more in an international environment and under the influence of international conditions. The road to world competitiveness for Canada—the road to a world-class Canadian economy—passes through the North American market. The framework provided by the Free Trade Agreement is crucial in order to create the investment and the confidence that is necessary to make Canada competitive globally.

Honourable senators, the other day I saw a statement made by Mr. H. Anthony Hampson, who, for 17 years, served as Chairman, President and Chief Executive Officer of the Canada Development Corporation. Writing in his capacity as head of the Policy Analysis Committee of the C.D. Howe Institute on the subject of Japanese-Canadian relations, he states:

This Japanese interest in Canada was stimulated by the Kanao Report, the result of a Japanese economic mission to Canada in the fall of 1986 that was highly complimentary to Canada and its prospects. This report made a worthwhile beginning in shifting Japan's perspective from Canada's resource industries to its high-growth, high-technology manufacturing industries.

Mr. Hampson goes on to state:

The most powerful factor, however, in increasing Japanese awareness of Canada has been the Free Trade Agreement with the United States. While many Japanese jumped rather quickly to the view that this was another inward-looking and protectionist move, others have seen it for what it is: a move by two of the world's greatest proponents of freer trade to show other countries that protectionism is not the only alternative.

In this latter view, Canada can now be a friend of Japan inside the U.S. gate. The Free Trade Agreement will make that friend a stronger competitor, particularly for manufactured products, as secure access to the large U.S. market will provide Canadian firms with longer production runs and lower costs.

It is to the next sentence that I would especially draw the attention of honourable senators:

But the Agreement's most significant impact will be an intangible one—to enlarge the export ambitions and enhance the confidence of Canadian manufacturers.

Honourable senators, Canada remains a staunch supporter of the GATT. We have taken a leadership role in the Uruguay Round; moreover, Canada hosted the mid-term ministerial meeting in Montreal earlier this month. That meeting showed how painfully slow negotiations are at the multilateral level. Progress was made—indeed, agreement was reached in ten or eleven sectors; but this seems to be stalled now because of the

deadlock on agricultural matters between the European Economic Community and the United States.

For the purposes of today's debate, and especially in the light of discussions of the Free Trade Agreement during the election campaign, I think it is important to note that the Free Trade Agreement with the United States strengthens Canada's bargaining position under the GATT. In previous rounds of multilateral trade negotiations the most important part of the process was the deal between Canada and the United States. We are the largest trading partners in the world; we are the two countries with the most at stake. Under the GATT rules the deal reached between Canada and the U.S. automatically benefited other countries, whether or not they had made concessions to us. The Free Trade Agreement means that Canada will not have to pay multilaterally for what we have already obtained bilaterally from the United States. The Europeans, the Japanese and the newly industrialized countries will now have to make concessions for improved access to the U.S. and Canadian markets. That increases Canada's bargaining power to achieve improved access to their markets.

Honourable senators, from September 1985, when the Prime Minister announced the government's free trade initiative, to November 1988, when the election was held—and even since the election—the opposition to the negotiations that led to the agreement became ever more strident and extreme. If the Free Trade Agreement went ahead, we were told, Canada would lose its political sovereignty. It would lose its cultural identity. Medicare would disappear; unemployment insurance would go. We would lose our ability to protect our environment. We would lose the right to enact effective regional development programs. Canadian energy resources would be defenceless against the voracious United States appetite.

• (1450)

Honourable senators, four or five years from now, ten or twenty years from now, when we still have our Medicare and our social programs, when our political and cultural identities are stronger than ever, when the sky has not fallen, when the Canadian economy, at the very least, has proven to be a net winner from free trade, these arguments advanced by the opponents of the Free Trade Agreement will look pretty foolish.

Senator Frith: "If", not "when". "If" is the word.

[Translation]

We are convinced that the Free Trade Agreement will benefit Canada, just as the lowering of trade barriers with the United States over the past 50 years has benefited Canada.

We believe that this Agreement will help us adapt to the new international realities, whether they result in a lowering or rising of trade barriers.

We are convinced that with the other elements of the Government program, Free Trade will help us administer this change for the benefit of Canada. And that is what the Canadian people have again asked the Government to do.

[Senator Murray.]

[Translation]

Honourable senators, this is a good agreement and a good bill. This is a good agreement in which Canada, as a smaller partner gaining access to a larger market, is a winner. It places the largest bilateral trading relationship in the world on a sounder basis. As the leaders of the industrialized nations said in their communiqué when they met in Toronto last summer, it sets an example for future multilateral trading agreements. It provides the opportunity for Canada to increase incomes, employment and living standards throughout the country and it builds the foundation upon which Canada will prosper and excel in the world of the future.

I have no hesitation in commending this agreement and this bill with great enthusiasm to the support of honourable senators.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, the Leader of the Government alluded to a statement made by the leaders of the industrialized nations that the Free Trade Agreement between Canada and the United States would set an example for the multilateral trade negotiations and would act as a catalyst. I cannot fail to say how wrong they are, because the first important event in the multilateral trade negotiations, namely, the Montreal conference, failed miserably, even though the example had been set by the Canada-U.S. Free Trade Agreement, in the words of the industrial leaders.

No more obdurate opponents to the liberalization of trade in Montreal were there than some of those leaders who paid this tribute to the Canada-U.S. Free Trade Agreement.

Senator Murray: Aren't you glad we did not put all our eggs in that basket?

Senator MacEachen: Honourable senators, we have heard *ad nauseam* that the conclusion of a Free Trade Agreement between Canada and the United States would constitute a breakthrough and set an example for the multilateral trade negotiations. We have been told that, as the Leader of the Government said, by Mrs. Thatcher, President Mitterrand and the head of the European Economic Commission. We have been told by the President of the United States to get this done and it will be a catalyst. It had its test in Montreal and it failed miserably.

Some Hon. Senators: Hear, hear!

Senator MacEachen: That is my first point. That has been characteristic of the debate on the Free Trade Agreement. There have been claims and assertions that are not justified and will not be justified by experience.

However, I could not fail to make that point, because I was watching the GATT ministerial meeting to find out whether indeed the new spirit that was alleged to have developed would influence the decision-makers in Montreal. It did not of course, because the divisions between the United States and Europe are so deep that nothing that happens between Canada and the United States has any effect on them. In any event, that is something by way of a more pointed introduction than I had intended originally.

As the Leader of the Government has already told us, we have before the Senate for the second time legislation to implement the Canada-U.S. Free Trade Agreement. It has just been rammed through the House of Commons by a series of closure motions at every stage. Now, in the Senate, we are asked to give expeditious treatment to this bill.

In July of this year, when it became apparent that the government intended to push Bill C-130 through both Houses of Parliament without giving Canadians an opportunity to express their views, Liberal senators agreed that Canadians ought to be given an opportunity to participate in what had become a national debate on our country's future. It was a decision that flowed directly from the government's determination to exclude Canadians from this important process.

Had the government shown confidence in its policy at that time, had it shown confidence in the judgment of the Canadian people, it would have sought a mandate from Canadians before asking Parliament to give final approval to the agreement. In refusing to do so, on an issue that the Prime Minister described as an "historic new departure" and on which he had himself reversed his position, the government invited action by the Senate. We decided to withhold our approval of the second reading of Bill C-130 so that the Canadian people might have an opportunity to make a judgment. In accordance with the bargain which was implicit in that decision, of course we intend to acquiesce to the results of the election and to the majority decision of the House of Commons.

It is worth recalling that the Prime Minister called the Senate action at the time a "violation of one of the most fundamental precepts of British parliamentary democracy." He said that the appointed Senate was being called upon "to hijack the most fundamental rights of the Canadian House of Commons." Much of the press initially took a similar view. An *Ottawa Citizen* editorial characterized it as an "abuse of parliamentary democracy." The *Globe and Mail* questioned the constitutional right of the Senate to take any such action.

● (1500)

I do not intend to review in any thoroughness the press reaction to the Senate's position, but I will recall the comments which appeared in the *Montreal Gazette*, which show how wrong both the press and politicians can be about public opinion and how frequently they misread the attitudes of the Canadian people.

This series of comments in the *Montreal Gazette* read as follows:

The Senate, Senate reform, Senate legitimacy, will be factors in the election probably at least as important as free trade.

The issue of free trade does not lend itself to an election that is at the same time a kind of referendum, for the simple reason that people do not care enough about free trade and rightly so.

All of us discovered that people did care about free trade. Polls showed that, far from condemning the Senate, Canadians in fact supported the decisions taken by the Liberal Senate.

An Angus Reid poll released in the final week of July showed that 58 per cent of Canadians approved of what was being done by the Senate. Other polls taken in August showed that Canadians approved—by margins of 55 per cent to 33 per cent; 47 per cent to 27 per cent; and 52 per cent to 30 per cent—of the actions taken by the Senate of Canada, through its Liberal majority, in giving the people of Canada an opportunity to express their views.

Of course, it is true that the opinion of the press changed; even the Prime Minister had a slight change of heart. The Prime Minister stopped his scathing criticism of the Senate, and on August 11, 1988, called upon the Senate to change its stand with the following soothing words.

Some Hon. Senators: Hear, hear!

Senator MacEachen: We should have them emblazoned upon our office walls as a reminder when the next thunderbolt from the Prime Minister descends upon our heads. He said:

It is up to the Senate of Canada now to display that independence of judgment and the intelligence and discretion for which they have been, from time to time, known . . .

Some Hon. Senators: Hear, hear!

Senator MacEachen:

(The Senate) is independent of the House of Commons, it doesn't follow directives of the people of the House of Commons . . .

Senator Doody: Except Mr. Turner!

Senator MacEachen:

So traditionally, the Senate hasn't responded to any specific requests for directives from leaders of parties to subvert any of our constitutional practices. So we'll just see what the Senate does.

Well, we know what the Senate did. But we do know that even in mid-August the Prime Minister was hoping to have the implementing legislation passed and given Royal Assent without facing the judgment of Canadians. As time ran out, however, the Prime Minister finally faced the inevitable and called his election. We are now again dealing with the implementing legislation at second reading, after having had a more extended debate about the Senate in our second reading discussion in September. That is all I intend to say about the Senate.

As the Leader of the Government has said, Bill C-2 is virtually identical to the former bill C-130. It might be appropriate to pick up the debate where we left it in this chamber a few months ago.

Honourable senators, even though we intend to acquiesce and allow the bill to become law, it does not follow—certainly not in my case—that our concerns with respect to this legislation have disappeared. They still remain, perhaps even more acutely at the present time because of the failure of the government to deal with them adequately—not only in the election but also in the course of the second reading debate in this chamber.

In that debate last September Senator Roblin, supported by Senator Murray, found much to complain about in my arguments concerning the energy provisions of the Free Trade Agreement. Perhaps they had difficulty in understanding my points; perhaps it was my own failing to convey them clearly. I thought I had put them clearly enough for both of them to understand. But what disturbs me about the response of the government is the singular lack of understanding of the provisions of the agreement revealed by their comments.

Let me first of all deal with the powers of the National Energy Board. Referring to my speech, Senator Roblin said:

He made the statement that the National Energy Board would be the one that decided whether the proportionality clause in the treaty would be invoked.

I do not know where that alleged statement originated. It was certainly not from my speech. Indeed, I said just the opposite. I do not want that misunderstanding—certainly in the mind of Senator Roblin—to continue or to be shared by any other senator.

The thrust of my argument was that the powers of the NEB had been inappropriately constrained. I said that "The Free Trade Agreement removes from the National Energy Board its independent status as a regulatory agency." I further said:

The National Energy Board is no longer free to deny an export licence and apply a surplus test . . . It must go to the government, to the minister. The minister, if he wishes, then goes to the Governor in Council. The Governor in Council or the minister are free to let the request from the National Energy Board sit there, in which case it will lapse.

If the government, even today, has a quarrel with that statement, it also has a quarrel with the National Energy Board chairman. On the occasion of the hearings before the Standing Senate Committee on Foreign Affairs on September 27 of this year I referred to a situation in which the National Energy Board had concluded that it would have to deny an export licence requested by an applicant. I put it to the chairman of the National Energy Board, by way of a question, that "at that point the board would not be able to take independent action and deny the licence for reasons of security." Mr. Priddle replied:

Senator MacEachen is right. The board could not act on its own volition.

I made the point clearly and correctly in my speech of September 13, 1988. The National Energy Board has lost these powers under the new section 84 of Bill C-2. These powers have been transferred to the government. It is the government, not the board, which decides whether to deny a licence, and thus trigger proportionality.

I regret that Senator Roblin is not present today, but I would certainly like to know whether he agrees with me and Mr. Priddle on this point.

● (1510)

But that is not the only reason I regret that Senator Roblin is not present today, because his confusion or misunderstanding

[Senator MacEachen.]

went even deeper when he challenged my statements concerning supply shortages and the International Energy Agency commitments. Senator Roblin's remark, as he put it, that "... there is only one kind of shortage in an international trading policy..." indicates that he has failed to understand the difference between section 83 of the National Energy Board Act and chapter IV of the 1974 International Energy Program. I raise this matter again, because under the provisions of the Free Trade Agreement Canada has undertaken particular responsibilities to share its oil with the United States in a period of restriction, which the government itself must introduce if a licence to export is denied. I come back to this matter, because it has been alleged so frequently, repeated again by Senator Roblin and repeated by officials before the committee, that we should not worry about this matter or pay any attention to it because what we have undertaken in the Free Trade Agreement is the same thing, and even less onerous than those obligations which we have undertaken in the International Energy Program. I find that inaccurate. It is a misunderstanding which can only be circulated because of lack of attention to the Free Trade Agreement or because of an effort to gloss over what is of real concern to those of us who have examined the energy provisions of the Free Trade Agreement.

Let me just point out that section 83 of the National Energy Board Act spells out the considerations which the National Energy Board must take into account in passing judgment on an export licence application. The National Energy Board must satisfy itself that the quantity of oil, gas or power to be exported does not exceed—and here I quote the act itself—"... the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada." Under section 83 of the act as it is presently written the National Energy Board has had the power to reject a request for an export licence if, on the basis of the board's sole judgment, foreseeable supply is no greater than foreseeable Canadian requirements—or, to put it another way, if the foreseeable supply falls short of a surplus.

On the other hand, chapter IV of the International Energy Program defines the circumstances in which its demand, restraint and allocation provisions are triggered in order to create common, emergency, self-sufficiency in oil supplies. It is clear from the list of factors triggering the international program that what is anticipated is a sharp, quick and abrupt disruption of international oil supplies. I hope it will be clear that section 83 of the National Energy Board Act, which is to be modified, and chapter IV of the International Energy Program are concerned with different situations. One is concerned with the foreseeable future—the middle term, so to speak; the other is concerned with an abrupt, unforeseeable disruption. Under section 83, which is to be amended, the NEB has discretionary powers to deny export licences. On the other hand, the trigger under the international agreement is virtually automatic; it leaves no discretion to the Canadian government, as we can reasonably assume that the government will meet its obligations under that agreement. That is why,

honourable senators, I cannot agree with the assertion that there is only one kind of shortage in an international trading policy. I have made the distinction between middle-term availability and short supply on the one hand and abrupt disruptions on the other in order to bring out in what respects the Free Trade Agreement creates new obligations for Canada.

Honourable senators, I shall go on to make another point. I should like to say with respect to section 83 of the National Energy Board Act that I hope no one will contest that licences for export to the United States of America can no longer be denied by the Canadian government without triggering a period of restriction in Canada and the application of the rule of proportionality. Yet the Leader of the Government, Senator Murray, was shocked when I said that the energy provisions of the agreement limit Canadian freedom of action. He said, and I quote:

That statement is not only hard to say; it is untrue.

Honourable senators, I believe I have made that illustration now, that we have limited our freedom of action even if only on one point; namely, that we cannot deny an export licence to the United States without declaring a period of restriction, which is new, and without imposing proportionality, which is also new. Honourable senators, that is certainly a diminution of Canadian freedom of action.

May I go on further to say that I really did not need Senator Murray's assertion to understand that we do not have any supply commitment to the United States under the energy provisions of the Free Trade Agreement? However, in a period of restraint, I can envision market conditions in which shortages in the United States could produce high oil and gas prices in that country which Canadian bidders might not be able to meet. I can also foresee the possibility of a situation in which Canadian gas supplies to the United States are locked into long-term contracts, leaving precious little for Canadians to bid on.

Honourable senators, I should still like to press this point and ask Senator Murray if he is still of the view that we have made no concession on energy to the United States. I would like to ask Senator Murray if he holds the view that Article 904 of the Free Trade Agreement creates no obligations on Canada. If not, I really would like to know his analysis, and to know where I have gone astray in saying that limitations have been placed on Canadian freedom of action.

Certainly, honourable senators, the United States is of the opinion that they have made major gains. Perhaps I have already referred in the Senate to this incident, but a few months or weeks ago I attended a meeting which was addressed by the chairman of the president's Council of Economic Advisors. In a discussion of the Canada-U.S. Free Trade Agreement the single benefit cited by the chairman as having been achieved by the United States was access by the United States to Canadian energy supplies. Not only has that been given, through a series of measures in the energy sector, but we have severely, in my opinion, constrained our freedom of action.

Honourable senators, at the risk of boring my colleagues, I intend to return to the comparison between the International Energy Agency and the Free Trade Agreement. I do so because I think it will become an important issue for Canadians in the future. At some point in time people will be scrambling to discover how we got ourselves into this particular obligation under the Free Trade Agreement.

● (1520)

I said in my speech last September:

It is neither accurate nor relevant to compare the obligation that we are undertaking with the United States to obligations we have undertaken under the International Energy Agency . . . The comparison with the International Energy Agency is a red herring.

Senator Roblin was shocked, and I believe that Senator Murray was shocked. If they had looked at the international program under the International Energy Agency they would have known that that program deals solely with oil. Article 904 of the Free Trade Agreement deals with all forms of energy. We have therefore assumed new obligations in terms of broader coverage over and above those contained in the international agreement. Secondly, the circumstances triggering the International Energy Program are narrow and tightly defined. They reflect a sharp disruption of world supplies. However, circumstances in which the restraint and proportionality disposition of Article 904 may be triggered are much broader. We have therefore assumed in the Free Trade Agreement new obligations in terms of the range of applicability over those contained in the International Energy Agreement.

What Senator Roblin did understand properly was a situation in which an international energy crisis triggered the provisions of chapter IV, in which the international program would take precedence. What he failed to understand was a situation of crisis falling short of triggering the provisions contained in chapter IV of the International Energy Program. In these circumstances the International Energy Program would not be operative, but restrictions and proportionality provisions under the Free Trade Agreement could be.

Senator Roblin made much of the scenarios presented by officials in the committee in what I can only describe as a gallant effort to help the government in this situation. They constructed their scenarios on the basis of a hypothetical international emergency situation in oil supply in which both the international program and the proportionality provisions would be in effect. This hypothesis, by definition, excludes the situation with which I was dealing—that is, a situation in which proportionality alone is in force, possibly on a commodity other than oil. That is why reference to the IEA in such circumstances is truly a red herring. The experts did not fudge the books, as Senator Roblin put it; they fudged the issue, and Senator Roblin fell for it!

Honourable senators, we on our side have had some discussion, which we have shared informally with members opposite, to the effect that in the examination of this bill in committee we would be doing a real service to the better understanding of

the bill, and we would better grasp the differences in the field of energy between our obligations under the Free Trade Agreement and our obligations under the International Energy Program, if we could bring before the committee a person from the International Energy Agency, so that we could settle this dispute and so that, when events occurred, we would know precisely our obligations. In other words, we would be looking to the future rather than looking back. I certainly hope we can select that area as one of the sectors for examination in the committee hearings.

I want to say a word about agriculture, if I may, and I want to repeat to some extent the argument I made in September, when I said that the Free Trade Agreement would have an unfavourable impact on the future of our supply management system. In particular, I questioned the continued viability of our marketing boards under a system where our food processors, purchasing their inputs from farmers under a regime of higher prices, would compete head to head with goods from the United States whose ingredients were supplied by farmers operating in a non-regulated, non-supply management system. That is the issue. I cited the testimony before our Foreign Affairs Committee of John Pigott of the poultry industry, Mr. Fleischmann of the grocery manufacturers and Mr. McLean of McCain Limited, all of whom spoke of the danger of being caught in the middle between a regulated and unregulated market—the regulated market in Canada and the unregulated market in the United States, where supply management systems are more the exception than the rule.

In their speeches Senator Roblin and Senator Murray intimated that such criticism made in the committee hearings by such witnesses was indicative of a hidden agenda by Canadian food processors; namely, the destruction of our marketing boards. Senator Murray said:

Mr. McLean is opposed to marketing boards. That is what he wants to do; he wants to get rid of marketing boards.

Senator Roblin said:

... the real target was the marketing board system... They do not like it. They would like it changed and they want pressure brought on the people who use the marketing boards to bring their prices down.

What is noticeable about the reply of both my colleagues opposite is that, rather than dealing in a coherent fashion with the arguments put forward by these individuals, Senators Murray and Roblin chose to attack their motives. In fact, Senator Roblin said:

... we should be careful about accepting the testimony of these gentlemen who, quite properly, have a self-interest to express.

Of course they have an interest. That is why they were called before the committee. Would Senator Roblin have preferred that the committee elicit the testimony of disinterested parties? Perhaps we should have asked the steel producers to discuss the position of the egg marketing agency under free trade.

[Senator MacEachen.]

Senator Barootes: Or the consumers.

Senator MacEachen: The reason for this line of argument by government spokesmen—that is, their focus on motives rather than on reasons—is their inability to deal with the following key question: How are you going to ensure that Canadian food processors get their raw materials at the same prices as their U.S. competitors? I would be most interested in hearing an answer to this question during the course of our debate. Of course, we have all been told in soothing words not to worry. Senator Murray tried to assure us that all was well with our supply management system, and he even went so far as to say, “Even Mr. McLean has stated that he expects McCain Foods to continue to grow and prosper...”

• (1530)

For the record, when he appeared before our committee, Mr. McLean said:

The only way we can survive is by hammering our Canadian wage earners to take lower wages... McCain Foods will survive and thrive with or without the deal. We can go south, but our factory workers and our farmers cannot. The only way that those farmers will survive under the deal as it is written is if they take lower wages.

Of course, what is basically at issue before the Senate, the House of Commons and the Canadian people is not the future of McCain Foods. If McCain Foods opens factories in the United States and survives and thrives there, it may bring joy to McCain Foods and to the government, but it will be of little comfort to Canadian farmers and workers who will be left behind.

Some Hon. Senators: Hear, hear!

Senator MacEachen: In a sense, we are just opening up the subject of agriculture in our discussion and, unfortunately, I agree with Senator Murray that much of the debate in the election campaign was extreme and strident on both sides and we got damned few answers from the government to basic questions in the course of the campaign. The questions raised by the food processors in our committee were not adequately dealt with.

Senator Murray introduced me to another area of concern when, in the course of his speech, he said:

... for processors of dairy products, we have added ice cream, yogurt and a number of minor dairy products to the import controls. Therefore, the impact on the food processing industry will be positive.

Yes, we did put ice cream and yogurt on our import control list, but just recently the American government asked the GATT Council in Brussels to establish a panel to examine Canadian restrictions on ice cream and yogurt imports. What has happened to the spirit of the FTA? They are challenging the Canadian addition of these items to the import control list. The GATT Council accepted the American request and a panel is now being established.

The Canadian government could respond by asking for a GATT panel to examine the onerous restrictions the Ameri-

cans have themselves placed on ice cream imports. Canada cannot export any ice cream into the United States whatsoever. We have no quota. If we do ask for our own panel, and assuming both challenges to the GATT are successful, what will the impact be for Canada? Will the impact be positive?

We know that American producers do not operate under the same strict supply-management system that exists in Canada. We know that raw milk prices in the United States are 25 per cent to 30 per cent lower than in Canada. Raw milk is the major ingredient of ice cream. Canadian processors are protected by a 17 per cent tariff on ice cream, but under the FTA, of course, it will be eliminated. So we will have a level playing field, a playing field where Canadian processors will not be able to compete on price because of the much higher cost of their major ingredient; and you will not find any major ice cream producer being able to remain competitive if it is required to source milk at the higher supply-management-system price. This will put tremendous pressure on the marketing boards to cut their prices for raw milk, with the alternative being a decrease in sales volume for the dairy farmer.

Of course the story does not end there. If the United States is successful before the GATT panel, the inevitable consequence will be that the European Economic Community will immediately challenge our use of the import control list to restrict the importation of their cheese. The European Economic Community has long complained about our restrictions on their cheese products and would certainly not hesitate to initiate their own action against our use of the import control list, particularly if a successful challenge by the United States established a useful precedent.

We know, honourable senators, that the import control list is critical for the maintenance of our agricultural supply-management system. The terms of the FTA and the American challenges before the GATT could very well prove to be lethal blows.

Senator Murray states that his government has protected marketing boards in the Free Trade Agreement. Yes, that is true; the words are in the agreement; however, the objective economic conditions, the economic forces that will be unleashed under the terms of the agreement despite the words will put enormous pressure on these boards.

Honourable senators, I am taking the effort to say what I feel deeply; namely, that we are at the beginning of this process. The bill may be passed in some days and become the law of the land, but we will be dealing with the forces that have been unleashed by the agreement and all I can say is that I have not as yet had any answers to the dilemma that was posed before the committee and was posed, I think, in the minds of many farmers in the course of the election campaign.

Senator Murray referred to a list of allegations that were made in the course of the campaign—the dire consequences that were said would take place if the agreement were effected. I did not make any arguments in the campaign that I have not made in the Senate, and I have not had any answers that satisfy me as to the concerns of the impact of this agreement.

That is one reason why the work of the Senate may just be beginning: We have to follow this and monitor it and know about the consequences. There is no more important area than the potential relationship, for example, between Canadian social programs and the Free Trade Agreement. We all know that many questions were asked during the campaign and we know that there are still some questions left unanswered, but which will deserve careful scrutiny in the future.

In my comments in the Senate last September I did not deal with the possible relationship between Canadian social programs and the Free Trade Agreement, especially the dispute-settlement provisions of the Free Trade Agreement. I want to touch on that subject now, certainly not in the detail it deserves but at least to raise in your minds some questions as to whether it is unreasonable to suggest that the social programs of Canada are left unprotected or will be put under pressure as a result of the Free Trade Agreement.

However, while I shall touch on these subjects, I shall not do so in detail. For example, I shall postpone until later discussion of Articles 1402 and 1602 of the Free Trade Agreement, which allow some 45 different types of U.S. health and social service management enterprises to operate in Canada as though they were Canadian, and discussion of the implications such a development might have on Canada's health system. We ought to discuss that at some future point in the Senate. However, I shall deal with a more general threat to Canadian social programs which will arise as a result of what can be termed a systemic pressure. That will be, in a sense, an insidious process, because it will happen gradually and it will take the form not of a direct attack on Canadian social programs but of an assertion of the necessity for Canadian competitors to have the level playing field and not to have burdens imposed in the form of social payments that are not carried by their American competitors. That is where the systemic pressure will come, and we had better be aware of it.

● (1540)

We know there are no provisions in the Free Trade Agreement covering social programs directly. Of course, that is deliberate, because exemptions were obtained in some areas. The government missed its best chance to tie the hands of the U.S. government in the upcoming negotiations on subsidies. We do know that in the next five to seven years the question of subsidies will be among the most important areas of negotiation. That is where the question of social programs and subsidies will be dealt with. That question is still on the table, and it will be on the table in the course of those negotiations for the length of time they take.

The systemic pressure I have mentioned has begun, with a number of Canadian businessmen already indicating that they are very concerned about the costs they bear as a result of social programs. In many cases the U.S. competition is not obliged to pay for the equivalent of these Canadian programs. With the Americans calling for a level playing field, and with Canadian manufacturers at a disadvantage, pressure is bound to occur either to alter or to refuse to improve the Canadian social programs.

Let me give you a few illustrations that existed in any event, but that will get renewed momentum as a result of the circumstances created by the Free Trade Agreement. For example, the Grocery Products Manufacturers of Canada stated last year that "some product sectors in Canada are at a disadvantage . . . some fundamental realignment in legislated benefits programs and labour union organization will be required. As well, Canadian workers' income expectations will have to be substantially lowered."

The *Gazette* reported just last week that the Canadian Manufacturers' Association called for "a commission to study social programs with an eye to cutting the \$28 billion federal deficit." Perhaps the basic agenda is to equalize costs with their American competitors, something that is now becoming so critical under the Free Trade Agreement. Those are some of the indications that lead me to say that, although we are prepared to let the bill pass, we have not heard the end of this subject and it has not been settled at all.

The Government of Canada will be caught in a vise, whose jaws are Canadian business on one side and American business on the other. The pressure will be in the direction of squeezing life out of some existing or future social programs in Canada.

That is the systemic pressure about which I talked. It is not in the agreement, and it is irrelevant to say that since it is not in the agreement there is nothing that will happen that will affect our social programs.

Senator Frith: It should be in the agreement.

Senator MacEachen: Bear in mind, honourable senators, that Canadian social programs will also—I do not know which word I want to use to make it responsible and non-pejorative—but Canadian social programs will be, let us say, under question from direct attacks by American firms in competition. These direct attacks will take the form of charges that social payments in Canada are subsidies to the Canadian producer or manufacturer or supplier or whatever. That is how our social programs will come in: by the allegation that they are subsidies and therefore countervailable.

I was deeply interested to read an article published by the former Deputy Trade Negotiator, Mr. Gordon Ritchie, in the *Globe and Mail* on November 14, 1988. Mr. Ritchie, at the height of the debate on the relationship between the Free Trade Agreement and social programs, took it upon himself to come to the defence, let us say, of the government, or of the Free Trade Agreement. I suggest that honourable senators get that article and read it. It is worth reflecting upon. To me, its basic thesis is startling, and that is that the binational panels under the Free Trade Agreement will, in the future, be the guardians, the final defence against the erosion of our social programs. Mr. Ritchie presents what is meant to be a repudiation of charges that Canadian social programs are at risk under the FTA, and he develops two scenarios.

In the first the United States would misapply their laws to call Medicare a subsidy. According to Mr. Ritchie, this is not really a problem, because Canada could simply force the U.S. to appear before a binational panel which, in his words,

[Senator MacEachen.]

"would have no choice but to find that the Americans had acted wrongly and to order them to drop their case." At first I found it to be a reassuring comment that there was a method by which we could stop the Americans if they said, "That is a subsidy." However, it is not that simple; not that simple at all. Under Article 1904 of the Free Trade Agreement, before the question of whether or not Medicare is a subsidy would ever get to a binational panel, it would have been dealt with by the U.S. International Trade Administration, which would have ruled that Canadian Medicare was a subsidy. That is the process. In order to get to the binational panel it would have to be ruled to be a subsidy by the International Trade Administration. Of course, by reason of his argument, Mr. Ritchie, implicitly if not explicitly, acknowledges that a U.S. trade tribunal could find that Medicare is a subsidy. That in itself should be put in the back of your heads. Who, then, rules in this case as to whether a judgment of the International Trade Administration is a correct one? It is a binational panel.

Mr. Ritchie says of course the panel would find that it is not a subsidy; but how can you be sure? There are five members on the binational panel; at least two of them are American, two of them are Canadian and, I think, the fifth is jointly agreed to, and I think most of them are lawyers.

• (1550)

Senator Barootes: You don't need lawyers if the decision is already made.

Senator MacEachen: I am saying that, in order to get to the binational panel in a case of this kind, the U.S. International Trade Administration would have to rule that Medicare in Canada constitutes a subsidy.

Senator Flynn: On what basis?

Senator MacEachen: That is something you had better ask Mr. Ritchie, because he has already acknowledged in his article—

Senator Flynn: It exists in the United States.

Senator MacEachen: —the possibility that a U.S. trade tribunal would find Medicare a subsidy. I find that disquieting.

Senator Barootes: You cannot have a guaranteed decision and also have the panel vote.

Senator MacEachen: I find startling that at a certain point we are relying on binational panels to protect our Medicare. This is what Mr. Ritchie, as the second in command of the negotiations, tells us about binational panels, a good portion of which is made up of non-Canadians.

But let me take you to another scenario that Mr. Ritchie presents, and that scenario is where the Americans change their laws so as to "pretend somehow that universal social programs were subsidies". Again the Canadian Deputy Trade Negotiator, referring to the procedures provided for in section 1903 of the FTA, points out that, when the issue came before a binational panel, the panel would again have no choice but to rule in Canada's favor and issue a binding order to the U.S. to drop their case. That, too, is a beguiling proposition, although

it is not true. There is no binding order. There is no order at all. In such circumstances all that the panel could do would be to issue a declaratory opinion. The U.S. would be free to ignore this opinion, and Canada's only recourse would be either to take comparable legislative action or equivalent executive action or tear up the deal. So this facile solution that appeared in the article is certainly a far cry from what it appeared to be on first blush.

I must admit, honourable senators, that it takes some careful referring back and forth and cross-referencing to understand how these panels operate. But, leaving aside the complicated specifics, I was appalled when it dawned upon me what the essence of Mr. Ritchie's argument was. His argument not only exposes the inherent weaknesses of the panel system but it states that in the final analysis the sole protection in the way of an erosion of social programs in Canada is a five-member panel of lawyers, at least two of which are American, and whose conclusions are unpredictable, to say the least. If they are independent binational panels, they will decide according to their own likes.

We have heard Mr. Ritchie before the committee and I would regard him as a very authoritative commentator. His analysis clearly proclaims to me that the government has dealt away its role as the sole protector of social programs. Parliament no longer stands as the guardian of social programs forged over the years after long debates and bitter opposition. The supreme guardian now for Canadians is the binational panel. "Don't worry," says the Deputy Trade Negotiator, "because the binational panels are bound to find in a way that you would like," but I am not convinced.

I want to make one or two further points about dispute settlement, because even today the Leader of the Government in the Senate said that the dispute settlement mechanism was a shield, was the protector, raising in my mind the same line of argument used by Mr. Ritchie. I have raised serious concerns previously today about the dispute settlement process.

As you know, the Prime Minister made a big deal out of this section. He said in his speech to the House of Commons last August:

Most fundamentally and importantly, the agreement will replace the politics of trade with the rule of law.

I have dealt with Article 1903, which deals with changes to antidumping and countervailing duty laws, and I have already explained the problems that I foresee in that area. I turn now to Article 1904, which provides a procedure for the review of final antidumping or countervailing duty orders. As honourable senators know, these final orders would emanate from the United States ITC or the International Trade Administration of the U.S. Department of Commerce. After the order is made, one of two possible courses of action is followed, depending on the order. If the final order is not in Canada's favour, then Canada can demand a review by a binational panel whose findings are binding. Ironically, problems arise if the final order is in Canada's favour. Such an order would mean that the American plaintiff, presumably a producing

company, would have lost its case before the American authorities.

At this point the best possible course of action for the plaintiff to follow is to wait 30 days, after which the binational panel review cannot be requested. The plaintiff would then do as it had always done before the existence of the FTA; that is, it would appeal the final order before the U.S. Court of Appeal.

Canada has lost all control over the events. Obviously there would be no reason for Canada to request a panel review in the 30-day period since it would have won its case. Similarly, the U.S. government would clearly not want to appeal the ruling of its own ITC or ITA before the panel. In all cases where final orders are in Canada's favour it loses control and, indeed, appears to have lost any alleged advantage. It is disappointing to observe that any final order revised as a result of a judicial appeal cannot be reviewed by a panel. Canada has no right of appeal.

I am prepared to have others who have more expertise than I tell me that I have made a mistake along the way. But if I am right, think for a minute of the consequences of this procedure with a Canadian social program as an example. After an American court had ruled, based on American law, that a Canadian social program was a subsidy, Canada would have no recourse whatsoever but to suffer the consequences of a trade penalty. That is how I have approached the question of social programs, and I believe that I am covering the terrain which was laid before us by Mr. Ritchie, and I would like to get some answers.

● (1600)

Honourable senators, as far as I am concerned, the Free Trade Agreement will become the law of Canada. As I have already said, that does not mean that it is all over; it is the beginning of an important future process. Therefore, I want to say a word about looking ahead rather than looking back and rather than refighting the election campaign.

Honourable senators, I have dealt with a number of features of this bill, but there are others that will require scrutiny in committee. Personally, I deplore many of these features of the legislation, let alone the way in which the agreement was negotiated. The time has come to look forward, to prepare for its implementation and to bring to account those responsible for its operation.

Senator Murray accused me on September 15 last of failing to weigh the costs and benefits of the agreement or its advantages or disadvantages to the nation as a whole. Well, that was a strange complaint coming from the spokesman for a government that has been addicted to generalities and prone to advertising excessive benefits, to avoiding explanations and to remaining silent on the costs.

The Free Trade Agreement as it is now is not more than half a design. The other half still has to be negotiated, and, I presume, paid for. Yes, one day we will be in a better position to weigh the costs and benefits, but that will be when the design is complete, when the full house will have been built. In

the meantime the government has set for itself an impressive agenda. It will be entering phase two of its negotiations, along with other ancillary negotiations, with the United States. The real issue before us now does not concern the balance of the agreement. The real issue is whether the government will live up to its own agenda, complete the Free Trade Agreement and deliver to Canada the benefits it has so vocally advertised.

Honourable senators, the Free Trade Agreement provides for no less than 18 new sets of negotiations to be carried out between Canada and the United States. In addition, consultations leading to possible negotiated revisions of the agreement and to harmonization are foreseen in seven different fields. Some of these involve provincial interests and jurisdictions and would, presumably, call for negotiations with provincial governments. In view of the length of time I have taken today, for which I apologize, I shall not go over the full list of these, which any reader of the agreement can easily put together for himself or herself.

Honourable senators, that is Canada's side of the matter. Also of interest is the range of subjects over which the American administration intends to draw Canada into negotiations, over and above the negotiations already provided for in the Free Trade Agreement. Here again I shall only give illustrations drawn from the U.S. Statement of Administrative Action which was tabled in Congress by President Reagan on July 25, 1988.

First are the negotiations on changes to rules of origin, in response to changes in the Canadian MFN tariff. Second are the negotiations of plywood standards. Third are the negotiations for the elimination on a global basis of all subsidies which distort agricultural trade. Fourth are the negotiations for the exclusion of the United States from transportation rates established under the Western Grains Transportation Act. Fifth are the negotiations for quantitative limits on Canadian potato trade. Sixth are the negotiations on automobiles to increase Canadian content to at least 60 per cent to qualify for FTA treatment. Seventh are the negotiations on the liberalization of investment rules, including the elimination of direct investment screening, the extension of the agreement provisions to energy and cultural industries and the elimination of technology transfer requirements and performance requirements, *et cetera*. Eighth are the negotiations to bring financial services disputes under the dispute-settlement provisions of the Free Trade Agreement.

These illustrations, which are by no means exhaustive, give us a clear view of the American agenda. Without anticipating the outcome of all of these negotiations, we have to assume that, in order to launch the Free Trade Agreement on a cooperative course, this agenda will also have to become the Canadian agenda.

I mentioned earlier that the stand taken by the American administration in these follow-up negotiations should be of greater concern to us than vague statements on the overall level of protectionism in the United States. The American list constitutes a request list, and how to deal with it should be uppermost in our minds and on our government's agenda.

[Senator MacEachen.]

Of all these follow-up negotiations, none will be more important than the one on the definition of subsidies and unfair practices under Articles 1906 and 1907 of the agreement. In committee we hope that we will obtain some good, hard information on how these negotiations will be conducted. What is the time frame? How do these negotiations relate to the GATT negotiations? Will one sort come before the other? What is our definition of an appropriate subsidy? Have we prepared ourselves in this regard?

The Americans have high expectations surrounding this set of negotiations. The Americans interpret Articles 1906 and 1907 as contemplating the replacement of the provisions of chapter 19 of the agreement by a new system of rules dealing with subsidies and unfair pricing practices. Bear in mind that the binational panel provisions are part of chapter 19, which is to be replaced. The meaning of this is made crystal clear in the American Statement of Administrative Action. The President maintains that:

the binational panel review system is intended to be an interim procedure.

He wants to remove Senator Murray's shield.

This vital piece in the Canadian government's case is regarded by the Americans as a transitional measure. The new system of rules that our negotiators failed to negotiate in the first round must now be put together in the second round. The Americans have had the courtesy to give to us their position, their wishes and their objectives. I quote from the same document:

The Administration has no higher priority than the elimination of Canadian subsidies.

They also describe their negotiating objective as:

... obtaining increased and more effective discipline on Canadian government subsidies, including subsidies provided by Canadian provincial governments.

What is at stake, honourable senators, is clearly the fate of the agreement. If these negotiations do not succeed, we are back to square one with respect to the American trade remedy laws.

Honourable senators, I do not know what the government's negotiating stance will be. I do know that it has given up a lot to get a half-way house. Determining what its stance is will be a task for the future. Suffice it to say that in a transitional period calling for a lot of difficult adjustments the government has left to be negotiated the most critical part of the free trade arrangement—the application of American trade remedy laws to Canadian exports. It has left a large gaping hole—the absence of any set of rules for determining whether or not adjustment programs are countervailable.

● (1610)

In order to make a judgment on the overall balance we shall therefore have to monitor in the future both the way in which the interim arrangements work and progress made in negotiating a definitive system. That monitoring job can effectively be done by a committee. Certainly the Senate should participate by means of a committee.

We want to ask questions in the committee of Mr. de Grandpré, if possible, who has been singled out and appointed by the government to head up a commission on the question of adjustment. How far have they gone? Is it unfair to ask now what the plans are for the future in the field of adjustment? We know that the experience of other free trade areas has demonstrated that adjustment is best pursued in periods of economic expansion. Economic stagnation, let alone a downturn, increases the pain and endangers the success of this venture. What good will it do to retrain displaced workers if they have no other jobs to turn to? What good will it do to encourage firms to look at the promised land if high interest rates stifle their growth? The government's macroeconomic management will be part of making the free trade area work.

The government has made a choice. The government has chosen the hard discipline of the market. We shall have to monitor how the market does the job, how the government deals with its budget deficit, how it copes with interest rates and exchange rates, how it reconciles its commitment to preserve intact our social programs and regional development programs with the imperative of negotiating with the Americans a definitive system on subsidies.

So far our discussions have focused, quite appropriately I believe, on the text of an incomplete agreement. This examination will no doubt continue for some years, but we now have an additional task, that of monitoring and passing judgment on action and reaction under the agreement. We shall have to establish reporting requirements and an institutional framework, enabling us to pass judgment on its multidimensional and systemic effects. Yes, we should have an overview and we should come in due course to pass a global judgment on the Free Trade Agreement. Otherwise, small events may occur, always falling short of a national crisis. One plant closing is not a national crisis, but small events will occur. The country will drift from one pragmatic decision to another. It will be tempted by opportunism and move from one concession to another, until all the King's men no longer can, or even know how to, put the country together again.

Hon. Jack Austin: Honourable senators, my first words must be to Senator MacEachen, with thanks for an excellent outline of the current factual basis on which this legislation is proposed to us. I would adopt his argument by reference, as I am sure would all members on this side of the house.

This particular day will find few Canadians focused on this Senate debate regarding Bill C-2, an act to implement the Free Trade Agreement between Canada and the United States of America. It is the holiday season for Canadians and they are rightly concerned with the more immediate matters of family, friends, religious feelings, a general stock-taking of the year now concluding and the challenges they may face in the year ahead.

Nonetheless, all of us in this Senate chamber know that Canadians have focused keenly on the underlying issues of this bill and will do so again and again in the years to come. All of us know that this is no ordinary bill that comes before us for a few days and is then passed into the hands of bureaucrats to

play a circumspect role in the lives of a few Canadians. We are universally aware that this is a pivotal act in the life of our nation, an irretrievable step toward some future we can understand but dimly and on which we do not agree.

Many Canadians—a majority of 57 per cent in the election held November 21, 1988—voted for the Liberal Party or the New Democratic Party, and therefore against the principle of this bill. Only 43 per cent voted for the Progressive Conservative Party and to maintain this bill.

We need no lessons in this Senate chamber on the principles of representative government. By our parliamentary rules and conventions the Progressive Conservative Party has, with 43 per cent of the popular vote, won a majority in the other place and, with it, a parliamentary mandate to proceed with this legislation. However, the knowledge that a majority of Canadians have cast their ballots against this legislation must surely serve to caution the government that what it has won is merely a conditional victory.

Canadians will day by day see the emerging evidence of the wisdom, if any, of the government's policy and, in the light of experience, know whether the Prime Minister's leap of faith has a soft landing or will come with a hard and damaging jolt. If this is the wrong way to go, if Mr. Mulroney has bet the nation on a much too costly deal, the price will be paid not only by him and his party but, regrettably, by countless men and women across Canada who will be injured, some of them catastrophically.

It is because the majority of Canadians have voted against this bill that the opposition in the Senate chamber and in the other place have a special responsibility to hold the government to its assurances and commitments and to the expectations that it has created in bringing this pivotal issue forward in its present form at this time. The process of this debate has great value for the future accountability of the government. Both here and in the other place the specific statements of the Prime Minister and other members of his Cabinet made prior to and during the election are being placed in the parliamentary record, to be noted and referred to in times ahead.

We have been given words of assurance from the government that Canada's social security safety net, pensions, unemployment insurance, Medicare and family allowances are not in any way the subject of or affected by this legislation. There are similar assurances given with respect to regional development policies and the programs relating to education and job retraining. Other assurances have been given regarding our very important water resources. We are told that the agreement and this bill are so favourable to Canada and to Canadian workers that no special provisions need to be made for industries, communities and individuals affected by new levels of competition and changing economic circumstances. The present day programs will do, the government assures us.

It is the role of the Senate today to do its work and to discharge its responsibility to see that Canadians are given the opportunity to understand the nature and meaning of the government's proposals for their well-being. If I may indulge

in a bit of year-end stock-taking, I would say that we have performed very well indeed in the last Parliament in discharging these duties. In particular, in matters such as government spending, revenues to the pharmaceutical industry, immigration and refugees, and affirmative action for women in employment we have shown that the government's position differed from the public interest, and Canadians have responded by involving themselves more and more in our proceedings and frequently appealing to us to take a strong stand. We have done so for regional interests, minority communities and individual rights, particularly in the interests of national well-being.

We have distinguished ourselves most, however, by insisting in the last Parliament on behalf of all Canadians that the predecessor to this bill be submitted to the people to decide. That was our proper role and carried constitutional legitimacy and precedent. It was in keeping with our role as a political court of last resort. Here was legislation presented by a government that had as its policy the deliberate purpose of non-explanation and non-debate. We are all aware of the 1985 memorandum to Cabinet, which argued—presciently, as it turns out—that the more the Canadian people knew of the trade deal the less they would like it. The memorandum went on to argue that the presentation should be kept general and vague. Sell it on the “touchy-feely” sentiments of free trade, the memo said. “Don’t get into specifics, or Canadians would focus on the cost side of deal and reject it,” said the memo. “Just talk about the good parts. Don’t let Canadians make a balanced assessment,” decided the government. Of course, the government could justify this approach, because it knew what was good for the Canadian people more than Canadians could grasp for themselves. Well, that is where the Senate has its responsibility: to make sure that the government is required to explain itself and to justify its purposes.

● (1620)

This bill was not understood and not well explained. We asked that the government seek a mandate before proceeding and, in so doing, demonstrated our own role as legislators of final resort. We spoke for a majority of Canadians, as their vote in the election demonstrated. That the Senate decision was a correct one in the eyes of the Canadian people was shown by the fact that our decision not to pass the bill in the last Parliament was never raised as an issue in the election but, rather, was accepted by the Canadian people to be right.

The government sought a mandate not because it wished to do so but because it had no choice. Even so, the Prime Minister and his Cabinet tried to avoid debating the issues and telling Canadians the risk side of the agreement to Canada's sovereignty and to the lives of individual Canadians in agriculture, services and manufacturing.

I want to honour the Leader of the Liberal Party, the Right Honourable John Turner, for his performance in the last election in finally forcing the government to offer some account to Canadians. Mr. Turner's work in the TV debates of October 24 and 25 captured the attention of Canadians and brought about an assessment of the issues across this country

[Senator Austin.]

the like of which has not been seen for a long time. Canadians came face to face with their deeper feelings and understanding about being Canadian. They re-examined their attachment to this precious community of people, this precious geography we call Canada. The result was a strengthening of all that is Canada. John Turner played a crucial role in this renewed understanding and has found a proud place in our history. Canadians, by voting 57 per cent against this bill, showed that they understood the issues and were concerned.

I have said that through the representative system of government as practised within the Canadian Constitution and its Conventions the Progressive Conservative Party won a conditional victory. But the Canadian jury is out on this legislation, as Senator MacEachen has said. It is out on its desirability for Canada, and the government has a considerable task to bring about the benefits that it has promised the Canadian people.

My chief concerns regarding this bill are not with the principle of free trade but with the great shortcomings of its achievement in the Canada-United States agreement and in this implementing legislation. Canada is a leading world trading nation, second to West Germany in the percentage of GDP earned from foreign trade. Everyone knows that Canada and the United States are the two greatest trading partners in the world, exchanging over \$150 billion of goods and services between them. Open markets, liberalized trade and fair currency exchange practices are vital to Canada's well-being. We have been leading members of the GATT processes and are working assiduously in the current Uruguay Round. We have been active exponents of more generous north-south commerce, and through the Unctad process and international bank support and through CIDA, in all of which the Honourable Allan MacEachen played a significant role in his years as Secretary of State for External Affairs, we have sought a more universal commerce among nations.

Personally, I favour a real, effective and equitable free trade relationship between Canada and the United States. This bill falls far short of what is required. This bill falls far short of what the Prime Minister, in 1985, 1986 and 1987, said was required. You will remember his objectives at the time.

First, that no deal would be concluded unless there was a removal of all constraints, tariffs, antidumping duties and those “Oh! So special” U.S. rules of countervail. Second, that there would be a specific definition of fair trade practices, or subsidies, that would clearly exclude from U.S. trade action the essential social programs that have made Canada the country we are proud to be. Third, that there would be a dispute-settlement tribunal, which would apply agreed-upon trade rules to the practices of trading entities and of government agencies.

Those were not criteria imposed on the Prime Minister. They were, as he once knew, the essential objectives of any trade deal for Canada. They were essential to provide fairness between two countries that are not, and never will be, equal trading partners. The United States is ten or twenty times our size, depending on the statistics chosen. It is a world superpower with interests and responsibilities beyond our terms of

reference. In any such trade agreement we needed, and should have required, asymmetrical terms to safeguard our essential interests.

The Right Honourable Pierre Trudeau once said in a speech to the National Press Club in Washington that, when a mouse lies down with an elephant, the mouse is sensitive to every tremour and movement of the elephant and sleeps very poorly indeed. Can you imagine what the relationship would be like if the elephant turned amorous?

It is fact that the Prime Minister achieved none of the three goals I have set out. Nonetheless, he concluded this arrangement that is before us and will take his place in our history on the wisdom of that decision—a leap of faith through a window of opportunity, to use two phrases that the Prime Minister has employed, although I admit that he did not use them together.

What is the haste in entering into this agreement? We have heard about U.S. protectionism and the need to shield ourselves from it, but nothing in the agreement bars the U.S. from applying its protectionist laws to Canada. The Omnibus Trade Bill passed by the U.S. Congress in the summer of 1988 applies to Canada as it applies to the world. Canada was not exempted there and is not exempted by this agreement either. One suspects a political agenda, with a focus on the next election, and not a nation-building agenda here. In logic and experience, no deal should have been concluded without the major criteria that I have mentioned. The time frame of national interest is a much longer one than that of any political party. It would have been no shame, and to greater national credit, to admit that the negotiations were wrongly cast or had miscarried than to conclude a deal to Canada's permanent impairment. There is an ancient wisdom recalled: "Deal in haste—repent at leisure."

Some will know that I played a role as Deputy Minister of Energy, Mines and Resources in the years 1970 to 1974 in the shaping of the energy policies of Canada in that period. I mention this because the energy-related provisions of this agreement and bill concern me greatly. In the world energy crisis of 1973-74 the need for Canada to ensure a high degree of energy self-sufficiency came home to the Canadian people as never before. Parts of Canada dependent on international supply—the Atlantic provinces and Quebec—suffered actual diminishment of supply and potential disruption of their economies. Many parts of the world, but fortunately not Canada to the same degree, saw world price escalation and the immediate release of galloping inflation. The Liberal government of the day, under Prime Minister Trudeau, took important steps to develop supply sufficiency and were rewarded with the confidence of the Canadian people in the 1974 election.

Today the energy world is facing unrealistically low prices for oil, given the costs of production and the availability of other sources of energy. The international market was distorted by OPEC action and disagreement and by the factors of war in the Middle East. The decline in price has seriously interrupted our policies of self-sufficiency both in exploration and in conservation. Much of our conventional cost oil and gas

is known, and our conventional oil in particular is a declining resource in which we are no longer self-sufficient.

Our longer-term self-sufficiency will depend on accessing the much higher cost Arctic, Hibernia, Scotia Shelf and oil sands deposits in western Canada. We must maintain our effort towards development. But, as I have said, these are costly resources, and because of the nature of markets they cannot be justified by investor activity alone. A competitive investor rate of return is just not available. This means that governments must, for national security and development reasons, stimulate these prospects. That in turn means the taxpayers of Canada will be asked to do a large share of the work.

● (1630)

Through this so-called Free Trade Agreement we have given national treatment to U.S. citizens and corporations with respect to supplies of oil and gas produced in Canada. By this I mean national treatment as to access and national treatment as to cost. Why the trade agreement, which is based on lowering tariffs, refers to energy access and cost is another story which will be dealt with at the appropriate time.

My point is that in agreeing to access and cost at the same market price that Canadians pay we will place a high burden on Canadian taxpayers to subsidize American consumers of Canadian oil and gas. Canadian taxpayers will pay for the uneconomic portion of the exploration and development that will take place, and that is understandable if Canadians have at least guaranteed their security of supply. But American consumers will pay only the market price. They will have security of supply at no cost to them. It is easy to understand why the U.S. negotiators exempted petroleum development subsidies from a very long list of unfair trade subsidies.

If there is to be any fairness for Canadians in our one-way energy trade of the future with the United States, the government must see to it that U.S. taxpayers are involved to some important degree in ensuring their future access to Canadian energy resources. Without that measure, the provisions of this aspect of the agreement alone would justify the use of the six-months cancellation clause and all of the fallout that that would portend. The cost to Canadians of this aspect alone of the agreement is in the multibillions of dollars.

I join with Senator MacEachen and many of my colleagues on this side in proposing that the Senate establish a specific role for itself in monitoring the consequences of this legislation. There are bound to be many unintended and unfortunate results, as well as results to the disadvantage of Canada that we can foresee. The Senate must provide a forum for Canadians to be heard and for the consequences of this legislation to be assessed. We must also keep under view the critical negotiations which are ahead, particularly in the definition of subsidies and other trade practices which Senator MacEachen has outlined. Somewhere along the way we must review the highly unfortunate softwood lumber issue, which has had such a serious impact on the cost-base of our forest industry in British Columbia. Here was a case where U.S. bullying was too intimidating for the Mulroney government to deal with, and,

unfortunately, there is nothing in this agreement to prevent the same thing from happening again.

As I represent British Columbia in this Parliament, I cannot deal with trade without a reminder to the Senate of the Pacific dimension to this country. The Pacific Rim is a dynamic region of the world—its fastest growing region in economic terms. It is a fact, as pointed out in a recent series on immigration in the *Vancouver Sun*, that 50 per cent of new Canadians are now coming from the Pacific Rim. Canada's role in the Pacific has been largely *ad hoc*. That approach must be changed. We must develop and act on a comprehensive strategy for trade and for our overall relationship. There is a growing recognition of the need for the creation of a "Pacific Coalition", to give it the name Senator Bill Bradley of New Jersey coined in a speech on December 8, 1988, to the Economic Club of New York. He proposed a new international organization in which the nations of the Pacific would join to promote trade and economic growth. Canada would be well served to consider this objective, similar to one proposed by Secretary of State Shultz in Bangkok last April. Indeed, we should be among the initiators of such a group.

In concluding, honourable senators, the government has its mandate, and on that basis, and on the responsibility of the Prime Minister, this bill will pass. The government has won a battle, but the issue is far from settled. For my part, the most I can bear to do is to abstain from defeating this bill, but I cannot refrain from believing that it is not to the advantage of Canada.

Hon. Finlay MacDonald: Honourable senators, I should like to ask Senator Austin a question. After hearing the high quality and obvious preparation made by the previous speakers, I was hoping that we would not be subjected to future speakers making references to the fact that the majority of Canadians voted against this legislation. I would suggest to Senator Austin that he has absolutely no way of proving that particular point. He might, however, help me by telling me when was the last time in this century that a party in this country, with a three-party system, received 50 per cent of the vote. Also, if he has perhaps analysed the results of the last election, Senator Austin might also tell me how many people voted for the Liberals or for the NDP and did so because they did not like Brian Mulroney, or because they did not like the pharmaceutical bill or because they did not like submarines, or a host of other things.

Senator Frith: How about the Prime Minister, in a submarine, taking a pill?

Senator MacDonald: Perhaps Senator Austin, if he can, would explain those things to me. I say to Senator Austin that a man of his experience and background should not make statements that he cannot back up.

Senator Austin: It would take a reasonable man, Senator MacDonald—and I hope I am that—to make the statements I have made. Also a reasonable man such as yourself, Senator MacDonald, may differ with me. In the meantime, I wish you a Merry Christmas.

[Senator Austin.]

Hon. Sidney L. Buckwold: Honourable senators, Senator MacDonald might be interested to know that I, in common with most other senators, have received literally hundreds of letters, telegrams and phone calls with respect to the issue of free trade. In those communications the comment is often made that the majority of Canadians voted against the government and that the Senate should now act on behalf of that majority. To that comment my response is, and will always be, that the Senate asked for an expression of opinion by the people of Canada. That expression was given; the government was returned with a majority, and that is the way in which the system works. The government won the battle; it is now their ballgame, and, although I did promise to rise and say a few words in the Senate, I have to acknowledge the responsibility of the government to carry the bill. That sentiment has been, I think, expressed very clearly by our leader, Senator MacEachen, in his preliminary remarks this afternoon.

Therefore, honourable senators, what I have to say is perhaps not so much a résumé of all of the arguments we have heard, pro and con, with respect to the Free Trade Agreement and this bill—although one cannot help but point out a few of the most disastrous effects that some of us foresee—as it is a look ahead. Perhaps it is more appropriate to look ahead at some of the problems that will face us as a result of this legislation.

Honourable senators, I gladly and freely admit that at one time I supported the concept of free trade. As a matter of fact, I still do on the basis of the philosophy of free trade, although perhaps that is a platitude. However, I began to have my first doubts when we started into consideration of Bill C-22. During that debate I saw the power of the American pharmaceutical lobby moving in and using, for the first time, that famous phrase, the "level playing field". To those of my colleagues who have forgotten or who are unfamiliar with Bill C-22—

Senator Barootes: How could we forget, since you have reminded us?

Senator Buckwold: Senator Barootes, I know you have a long memory. However, there are some new senators who may not be familiar with the contents of Bill C-22. That bill dealt with the removal of some forms of generic competition from patentholders of pharmaceutical drugs. However, as we travelled around the country and listened to discussion of Bill C-22 supported by the pharmaceutical industry, it did not take any great genius—you did not have to be an Einstein—to realize where the initial impetus for this inequitable legislation came from. Although it was denied time and time again, nevertheless—and I think that even most of those on the other side would agree—there was that push from the powerful American lobby of the pharmaceutical industry in Washington, which moved in and said to Mr. Mulroney, "Mr. Mulroney, if you want this deal, you had better clean up your act on competition in drugs." That was my first awakening.

● (1640)

Then, as a member of the Banking, Trade and Commerce Committee, along with Senator Finlay MacDonald and others, I crossed the country hearing representations on the imposition

of duties on shakes and shingles by the American government because of supposedly unfair competition from Canada. The stumpage fees levied by the provinces in the industry were not high enough to satisfy the industry in the U.S., which at the time was really non-competitive. Again, as I travelled across the country listening to the pros and cons of that particular debate, I could not help but be impressed with the power of American lobbies in Washington and, in this case particularly, of American legislators, American senators, who were able to convince the decision-makers that the competition was unfair, that we in Canada were taking advantage of our American friends in this way.

Then, as a senator from Saskatchewan, I saw the power of the American lobbies when they brought a dumping charge against Saskatchewan potash. That initiative was undertaken by two American senators from New Mexico, where the American potash mines are located, representing an industry that at the time was burnt out and used up. I had visited Carlsbad, New Mexico, and seen their mines. There was very little ore left. As a matter of fact, the original potash investors who came to Saskatchewan, which has the largest potash reserves in the world, were from New Mexico. I had visited the mines in New Mexico as a guest of the Potash Company of America during my days as the mayor of Saskatoon. As I said, there was little left. However, two American senators from New Mexico had enough power to say that the Saskatchewan potash industry was dumping, that it was underselling their market and putting them out of business. Again, my eyes were opened.

The next incident also occurred in my own province; it involved uranium. The American lobbyists for a relatively inefficient uranium industry were able to get duties invoked against the uranium industry of Saskatchewan, which has by far the highest grade uranium ore in the world. Once again I saw the power of American lobbies.

If anyone in this country feels that such incidents will not occur again, then I think they had better go back to school. The ability to impose countervail duties is there, and it will continue to be there. The dispute-settlement mechanism, although admittedly an improvement, really does not solve any problems. It has no legal constitutional power. This body will look at situations, but you can believe me, and you can believe all the others who know the situation much better than I, when I say that, as the years unfold and as American industry becomes even slightly hurt, the issue of countervail will be raised by the Americans—and as well by Canadians, because we are not particularly innocent either—in various situations. I draw these incidents to the attention of my colleagues to indicate the very serious problems that we face ahead.

I shall not go through what has already been said about energy as it affects my province. Certainly producers in Alberta and Saskatchewan are happy, but it is short-term gain for long-term pain. We will be paying for it for a long time, because we have given away one of our greatest national advantages, our energy, in a world where in due course energy

will become a major factor in the economic survival and prosperity of nations.

Let me now turn to our agricultural industry. I have heard the Premier of Saskatchewan, whom I respect and who fully supports this deal, say to the farmers of Saskatchewan, "We have a million people in this province and we are going to have open to us the United States with a population of 250 million." He has said to the farmers that the border walls will be down and they will prosper as never before. By the way, the farmers did not fall for that line. They are not quite that gullible; they are no longer hayseeds. The farmers realized the situation when they went across the border and saw their farm friends from North Dakota, who were just as hard up as the farmers of Saskatchewan in spite of the fact that they had this market with a population of 250 million sitting there. That market does not seem to have added to their prosperity.

Our Saskatchewan industries were also told that the trade barriers would come down and that they would be able to move their products over the border. Some time ago I took a car trip from Saskatoon to Salt Lake City, Utah. We went through North Dakota, South Dakota, Montana and Idaho. All the way down I did not see one city in that great market of 250 million people half as big as Saskatoon. I pass this information on to illustrate that the prosperity that has been advertised is a long way away for a good part of Canada.

Our agricultural industry has some real fears. Let me quote from a recent article in the *Financial Post*:

For Canadian consumers, the Super Duper supermarket in Buffalo, N.Y., is an eye-opening revelation of what grocery shopping might be like under free trade.

There, only a two-hour drive from Toronto, a half-gallon bottle (nearly two litres) of 2% milk sells for US89¢ and roast chicken for only US79¢ a pound.

Across the border, where more than 230,000 Canadians work in the \$50-billion grocery products industry, it's a different story. A litre of milk is C\$1.30 and roast chickens cost up to C\$2 a pound.

Those lower U.S.-style prices are a tantalizing prospect for Canadians. But some observers fear they could cost hundreds of food industry jobs as the Canada-U.S. free trade deal is phased in over the next decade.

That article was printed by a publication that is a strong supporter of free trade. I think we have to be aware of these kinds of things. The article poses nothing new. We heard similar comments during the election campaign. I think that, as has been pointed out so well by Senator MacEachen and Senator Austin, more than ever we must concentrate on what happens from this point on.

One of my major concerns is over the future of our exchange rate. We have not had very much discussion in this free trade debate about the relative value of the Canadian and American currencies. When we had a 71-cent or 72-cent dollar, Canadian industry was really doing well. We were one of the greatest bargain countries for American companies to buy from, and it was more difficult for Canadians to buy American goods. I

operate my own business. Whereas my company was normally a very large importer of American products, the change in the Canadian exchange rate wiped out that advantage and our buying was basically concentrated on Canadian mills. With the Canadian dollar at 83 cents, that situation has changed quite dramatically. American agents are swarming into Canada—and into the Canadian economy. They are booking orders by becoming very competitive. What I am saying to my colleagues is that the greatest non-tariff barrier or advantage, whichever way you want to look at it, is the exchange rate.

● (1650)

I have asked some of our senior people about this and they have told me not to worry, that the situation will adjust itself, but, as I read it, some economists feel that because of a weakness in the American dollar in the world market the Canadian dollar will do as it already has, to the surprise of many, and continue to rise. If we get up to a 90-cent or a 95-cent Canadian dollar, which has traditionally been the relationship of our currencies, the very same companies that paid out contributions of hundreds of thousands of dollars to chambers of commerce during this last election campaign to advertise the benefits of free trade to Canadians will be knocking on the doors of the Minister of Trade and Commerce and others saying, "Please do something to protect us." They will use the very same reason for demanding tariffs that they used in the early days of Canadian industry.

It is very tricky to try to relate that exchange rate if the government turns around and says, "Through a variety of means, including the Bank of Canada, we will make sure that we have a dollar well below the American dollar, which gives us an advantage of up to 20, 25 or 30 per cent." That is a major advantage in terms of a free trade deal, but, if we lose that, I predict that there will be calamity in many industries of this country.

I look at, for example, free trade in terms of the farm machinery business. We have had virtually free trade in that business since 1944. We used to have here in Canada one of the greatest farm machinery manufacturing industries in the whole world. Massey Ferguson was one of the great examples. With the introduction of free trade there was a fairly steady, gradual erosion of that industry until, today, there is not one major manufacturer of farm machinery in this whole country. It is true that there are some small manufacturers producing specialized items, and that might help in terms of free trade, but our great farm machinery industry, which provided thousands of jobs across this country, has disappeared. There are some who say that a contributing factor to that disappearance was the Free Trade Agreement.

After that agreement, we were told how farmers would get the very lowest prices in the world because we had free trade with the Americans on farm machinery. I would ask any one of my agricultural friends whether they think they have low-price farm equipment in comparison to other parts of the world. Again, I pass this on to my colleagues to indicate some of the problems we should look at in this respect.

[Senator Buckwold.]

We have seven years to harmonize our various programs, such as our social programs, our cultural programs and our subsidy programs. The word "harmonize" is defined in the agreement as "making identical". Honourable senators, "making identical" is a very difficult thing to do. It reminds me somewhat of the story of the fellow who married a girl who had an identical twin. To the surprise of everyone, the sister-in-law moved in with the newly-married couple. Shortly afterwards one of his friends asked, "With your sister-in-law, the identical twin, living with you, how can you tell who is your wife and who is your sister-in-law?" To that he replied, "To tell you the truth, I can't, but that is their problem."

Some Hon. Senators: Oh, oh!

Senator Buckwold: Honourable senators, I suggest to you that this so-called "making identical" will create a problem, and not just for the sister-in-law but for all Canadians, when we try to harmonize the kind of programs which have made Canada what it is today.

Honourable senators, I acknowledge the mandate the government has been given. Our responsibility now is to make sure that this agreement works as well as it possibly can. I heartily endorse the recommendation of our leader, Senator MacEachen, that a Senate committee should have an ongoing responsibility to monitor what goes on and to see that what we do is in complete "harmonization"—if you will allow me that word again—with what has been said and with what is in the agreement.

I forecast that it will be a difficult task to complete the so-called "harmonization" of all the subsidies and other programs in this country with those of the U.S. to make them completely identical over the next seven years, and it is my hope that senators, through a special committee, will have a commitment to make a contribution in that regard.

Having said that, may I extend my best wishes to fellow senators for a happy New Year. I hope the years ahead will be as happy for the government as this one has been, but I would suggest that, if they think they had problems in the past, when they come to negotiate with our American friends in terms of a so-called "harmonization" they will look back on 1988 as a vintage year.

Some Hon. Senators: Hear, hear!

Hon. Willie Adams: Honourable senators, although I do not know too much about the subject, I should like to say a few words about free trade.

Only 15 or 20 minutes ago Senator MacDonald asked Senator Austin how many people voted in favour of free trade during this last election. I would remind Senator MacDonald that in the Northwest Territories 100 per cent of the electorate voted against free trade, since both of our elected representatives are Liberal.

Some Hon. Senators: Hear, hear!

Senator Adams: Although the north is not as densely populated as the rest of Canada, the land mass forms approximately half of the total land mass of Canada, and our aboriginal

peoples have inhabited that area for thousands of years. Perhaps with the passage of the Free Trade Agreement we will be able to proceed further with our land claims, particularly in view of the Meech Lake Accord. It may even be that the Americans will take over in our area and deal with our land claims.

Since the free trade discussions commenced last summer there has been a stepping up of military exercises in the Arctic, which is located between the two super powers, the U.S.S.R. and the U.S.A. The increased presence of military personnel in the Arctic does indeed cause us some concern. We know that we do not have a large enough military force to look after ourselves should we ever have to fight the U.S.S.R. That is why the American and the Canadian governments seem to be deciding that in the future the Arctic would be a good place for a war zone, because it has such a small population.

● (1700)

I have now been living in Ottawa almost 12 years. Up north we do not have dividing lines. People are free to live on the land. That is how they survive. They do not have it divided. In the south people have their own property, perhaps 60 by 100 feet. People say, "That is my property." When you live in the north you go out on the land and you do not ask who owns the property. You can go anywhere you want. Some are saying that in the future, with free trade, we will have to open up the Arctic more for mining. As an honourable senator said a moment ago, "They have their own country, the biggest in the world." Even our own Government of Canada does not know how large our energy reserves are up in the Northwest Territories. We have energy reserves up there and land for mining. We have fishing and hopes for tourism in the future. We do not see the problem of pollution up there that we see here in the rest of Canada and in the United States. I hope that at the least we understand that we have a country up there.

I have been a member of the Energy Committee since I joined the Senate. I understand some of the problems the Americans have with energy shortages. According to Senator MacEachen, there is nothing in Bill C-2 that would stop the Americans from using our energy. We have in the high Arctic the largest reserve of natural gas in the world. We touched the tip of it about ten years ago. We have been tapping gas there for the last fifteen years. In the future, after the Free Trade Agreement is passed, if the Americans want this gas, they can take it any time they want. I have seen the area of the Beaufort Sea and I have seen the results of the last three or four years since the new government took over, and we have lost a lot of exploration jobs. According to Senator Murray, over the next ten years there will be two million jobs created for the people of Canada. Ten years is a long time to predict whether the people in Canada will be able to find jobs or not. Since free trade was first introduced we have already lost 2,000 or 3,000 jobs, especially in Ontario and Quebec.

I join the other speakers in this house who are concerned about free trade and the survival of our country. I hope our government makes sure that further dealings with the Americans are done right and that we do not make any mistakes.

I should like to tell a little story. In 1942, when I was only about eight years old and the Second World War was in progress, I was at an American army base where they were training dog teams. It was very interesting. They would go out on the land and make trails, using a string of dogs, and work with some kind of explosives or bombs. They were training the dogs for use in Europe. The dogs were being trained day and night. When I was involved at that time I felt I was representing my country. Today the dog team is not used any more; nor will it be in the future because of today's technology. If war broke out today, nobody would think of using dog teams. That was my experience between 1942 and 1945—training dogs for the war in Europe. My hope today is that in the future we will not be living in a war zone, if a third world war should start.

The Inuit people whom I represent are concerned about free trade. We are concerned about the Americans having access to things in the Arctic, particularly the unpolluted water.

If free trade is put into effect, I hope that at least it will be of benefit to ourselves and not only to the Americans.

Hon. Hazen Argue: Honourable senators, I wish to say a few words in this debate. First of all I want to say that I listened with great care to the speech of the Honourable Senator Murray and also to the speech of my leader, the Honourable Senator MacEachen, whose speech was wide-ranging and contained sufficient research material to be a source for people studying the various aspects of this Free Trade Agreement.

I want to speak this afternoon, if I may, as a senator from western Canada and as a farmer and a person who, I believe, has some knowledge of the Canadian grain business and of Canada's accomplishments over the years in that field.

● (1710)

It is my opinion that our Canadian grain system is one of the great economic success stories of our time. In recent years Canadian grain exports have been second in earning foreign exchange for Canada. While the Americans have complained for a number of years that their share of the international grain market was being reduced, the Canadian share of the international grain market, particularly in wheat and barley, has steadily increased. I believe that is a tribute to the efficiency of the system we have in place at this time.

I spoke with a farmer the other day who is a canola producer. He said, "Hazen, in my opinion the Wheat Board when handling wheat is a much greater success story than the export achievements in canola." I said, "How is that?" He said, "Well, we have been producing canola in Canada for many years, but we have only one major export customer, Japan, and that is it. Our next customer is in Canada." He said that in his opinion if we had the same kind of efficiency in the canola marketing system as we have in the Wheat Board system we would have a much wider range of customers. We have a system that appeals to our customers. We boast that we have the best quality wheat in the world and the best grading system in the world, and I think our accomplishments prove that.

I have followed to some extent the GATT discussions on agricultural subsidies. In my opinion those negotiations will not be successful, because the European Economic Community, in their common agricultural program, have a system of built-in subsidies that appeal to and are supported by the very powerful agricultural communities in their various countries. So the political power in the European Economic Community is behind the maintenance of those subsidies.

If you hear what the political powers in the United States say—I think the rhetoric and the action are sometimes worlds apart—they are against subsidies. To a large extent the rhetoric in Canada is also against subsidies. There is an inherent danger present for agriculture in the negotiations that are about to go forward regarding this trade agreement on agricultural subsidies, because, if we give away what we have built up over the years, we can give away our total grain marketing industry in western Canada.

We have already given up and lost the two-price wheat system, which was worth \$227 million last year. That might be valued at 20 or 25 cents a bushel for wheat. There is great pressure from the United States for us to dismantle and remove our transportation subsidies to the railway companies, which amount to about \$700 million a year. This could amount to another 50 cents a bushel. If you add to 75 cents a bushel the amount that is involved in dismantling the Western Grain Stabilization Act or Crop Insurance, should we decide to do so, then I think our western farmers do not have much chance of surviving.

I asked the Leader of the Government this afternoon if he could tell the house when a second announcement would be made under the Western Grain Stabilization Act, and on further research I found that this was one of his better days and one of my poorer days, because the announcement had been made a month ago. I do not know why I did not catch it then. Maybe it was the size of the payment. I believe it was announced three days after the election, and the payment could not have been too attractive in the minds of the people who have something to do with those payments. In any event, it is a very good system, which in this current crop year paid some \$950 million into the western Canadian economy. The Western Grain Stabilization Act was placed on the statute books of this country after having been introduced by the Honourable Otto Lang, and it is a credit to his far sight in those days.

The crop insurance system, which is a good system and is supported by Canadian farmers, was introduced by the Honourable Alvin Hamilton. So what we have is a series of accomplishments; taken together, they are very important to the continuing efficiency of our grain production and marketing system.

There is a fear among ordinary farmers in western Canada that American investors will come in and invest in the grain industry in western Canada to the point where American companies, not Canadian companies, will have control over that system. Cargill is present in western Canada in a very major way and the three western pools are talking about

[Senator Argue.]

amalgamating. One of the reasons they put forward for their possible amalgamation is that they are afraid that individually they cannot stand up to the competition of Cargill. Milt Fair, who is the chief executive officer of the Saskatchewan Wheat Pool, said that the Cargill Grain Company could buy the three western wheat pools with their surplus change. So that is a factor.

When the Canadian government begins negotiating with the Americans in the days and months ahead on the question of Canadian subsidies regarding who is investing in the Canadian grain industry, many people in western Canada, who have worked long and hard to build up the current grain system, will be afraid that Cargill, Bungy or Cooke may come in and take over substantial parts of our grain industry and our marketing system and may be far more interested in marketing American grain than in marketing Canadian grain. That is an important concern of the people in western Canada.

Those who have supported the cooperative movement in our current grain system over the years have believed in cooperatives, and they have built a democratically controlled, farmer-owned grain marketing system that is distinctly Canadian. We have a system that by way of efficiency and export success takes second place to no other country or system in the world.

President-elect Bush has announced that Clayton Yuetter will be the new American Secretary of Agriculture. He was the lead American in the trade negotiations. Approximately 20 years ago I had the privilege of meeting Clayton Yuetter, who was then on the staff of Secretary of Agriculture Butz. He is a very able, determined person. In all of the negotiations that will come about in the future concerning subsidies we will need strong negotiators. They will have to have strong backing from the Canadian government, and I hope that Parliament and farm organizations will see to it that the government receives the message that we want to protect our kind of system, because we have a good system that is efficient and works in the interest of Canadian agricultural producers. We should in no way sacrifice it to the system of any other country.

Some Hon. Senators: Hear, hear!

• (1720)

Hon. Charles McElman: Honourable senators, aside from Senator Murray, no one has spoken on the Free Trade Agreement from the point of view of the maritime provinces, and I would like to make a few such comments.

Senator Murray: Senator MacEachen did have a few remarks to make.

Senator Doody: He was speaking for Canada, though.

Senator McElman: Exactly.

Let me say at the outset that I was raised as, and still am, a traditional maritime free trader. I should like nothing more at this point than to be able to say with great enthusiasm that I support the Free Trade Agreement that has been reached between Canada and the United States. Maritimers have felt for many years that the prosperity of our region fell apart when we were forced into the east-west trading pattern within

this nation, and I think there is a good bit of fact in that argument.

Having said that, however, I feel great concern over some aspects of this Free Trade Agreement, principally—and I do not need to go into great detail because Senator MacEachen has done so—with respect to its treatment of subsidies. I am especially concerned over the five- to seven-year period in which negotiations will be undertaken so as to determine what is a subsidy. I am sure the Leader of the Government understands very well the deep concern on the part of the maritime provinces over this question. There is a worry that regional development grants will be considered subsidies by the Americans. If the U.S. were successful in prosecuting that view, it would be disastrous for Atlantic Canada. I hope that is not the case, but the concern is there in the maritime provinces.

I believe all of the major industries of the Atlantic area that export to the United States have experienced involvement in cases brought by American interests before the International Trade Commission. Some of these cases were brought forward sincerely and were settled successfully in favour of the Americans. With respect to others, I think one can say fairly that the intent was harassment. In some of the latter cases the Americans were successful in their harassment simply because of the time-consuming aspects of fighting the propositions put before the ITC and the great costs inherent in these procedures. Even when the ITC ruled against the Americans, they could be considered successful.

Maritimers are concerned about the forest industry. Many of us have always said that when the forest industry is thriving the whole economy is thriving. Canadians have had a frightening experience over the past two years with the Americans charging that the level of stumpage fees in Canada constituted a subsidy. Canadians fought this allegation previously, and fought it successfully, before the ITC. The Americans recently wished to fight it again, at which time the government, in its wisdom, decided not to do so and, in effect, sanctioned the charges of the Americans.

Senator Murray: Not so far as your region is concerned, however.

Senator McElman: But that decision affected the whole of Canada. The maritime provinces had already boosted their stumpage rates on their own initiative, but Quebec, Ontario, the prairie provinces to a lesser degree and, to the greatest degree, British Columbia were affected. This was a case in which Americans exercised extraterritoriality at both the provincial and federal levels and were permitted to get away with it. That, honourable senators, is frightening. They were, in effect, able to dictate to the provinces through the federal authorities what the stumpage rates would be.

In my part of the country stumpage rates, as the Leader of the Government has suggested, had been raised on several occasions as revenue producers. But over the years stumpage rates have been used in the maritimes as economic stimulants in order to keep the forest industry thriving. Here, then, we have the United States reaching its hand into Canada not just

at the provincial but at the federal level. That is rather disconcerting and is a cause for concern. It does leave one wondering how far they will be permitted to go.

Without providing any great detail, one wonders about the future of SYSCO, with which my honourable friend is most familiar. He has spoken of no more quotas being administered by the Americans, but, again, what about subsidies? What constitutes a subsidy? There is some concern that during that five- to seven-year period, while these decisions are being made, existing U.S. law will prevail. The maritime provinces could be hammered simply by the application of existing law during the period in which no decision has been made on what constitutes a subsidy.

The situation involving the Michelin tire corporation, of course, is a fine example of what the Americans can do to a Canadian industry through the ITC. Honourable senators will remember that the poor tire manufacturers of the United States claimed damage flowing from the practices of this industry in Nova Scotia. Michelin eventually prevailed, but only after something like seven or eight years before the courts in the U.S. and the expenditure of several millions of dollars. Many of our industries cannot afford those years before the courts or the costs attendant upon such applications.

Consider for a moment our fishing industry. The instant we began to upgrade product from fish blocks we were faced with tariffs. That practice will disappear and that is good. But in the past the attacks upon our exports have been made on the basis of Canadian subsidies. And what was the most common allegation against the Canadian industry? It involved unemployment insurance.

Senator Murray: And what was the result?

Senator McElman: The most recent result was a 17.5 per cent duty placed on some of our upgraded fish products. The Americans were successful in establishing a duty against our products, and it involved our unemployment insurance provisions. This is what has been used time and time again, usually unsuccessfully in the final result, but at great cost to the industry in the maritime provinces.

● (1730)

One need not go into any detail about the food-processing industry because it has been dealt with by Senator MacEachen, and Mr. McLean of McCain Foods has before committees in both Houses of Parliament and throughout the campaign dealt with it in great detail. I have no fear that McCain Foods will be closing down their operations. These people are entrepreneurs of great ability. They started a very small operation in the mid-upper Saint John River valley. From that they have become one of the great multinationals of Canada. I believe they are now in 11 countries apart from Canada. Theirs is a great success story.

However, they have made it very evident that their expansion plans will not be for Canada. Their expansion plans will be in the United States. That is a cause of concern.

In my own province the family that is the greatest in industrial terms—the Irving family—is whole-heartedly in

support of the Free Trade Agreement. One can understand why. They too are in food processing, and in fairness one must say that they take the opposite view of McCain's.

I believe there is a good basis for concern about some aspects of the Free Trade Agreement. The dispute-settlement panel and the powers, or lack of powers, of that panel leave a great deal to be desired. Senator MacEachen explained the process. After the event before the ITC that panel can decide whether existing law has been applied fairly. Beyond that, they have little power.

When the whole question of free trade was initially discussed the Prime Minister, Mr. Mulroney, said that there were to be two absolute requirements. These had to be met before his government would accept such an agreement. The first requirement was that the Americans would give up countervail. Anyone who understands anything about trade knows that no nation—not Canada and not the United States—is going to give up countervail. The second requirement was that there would be a binding dispute-settlement mechanism. That was not achieved either, because its powers are not such as to make their decisions fully binding upon the two nations.

During the election campaign Mr. Simon Reisman, either on his own or at someone's behest, decided to enter the debate. In the course of it he was challenged and admitted that he and his people were unable to consider and negotiate the matter of regional development assistance—regional development grants. That, to me, is some indication of the priority that the administration put upon regional development grants, which are vital to the continued development of industry in the Atlantic area, although we are not happy to admit that.

Honourable senators, it has to be the hope and wish of each and every one of us that this Free Trade Agreement will be beneficial to Canada, that it will be successful and beneficial to both nations, because it can only be a good agreement if it is beneficial to both nations. As a maritime free trader, for my own children and my children's children, I desperately hope it will be successful. I say to you that in the maritime provinces today there is a deep concern about what the effects of it will be. Those concerns were evident in the outcome of the election. There are 32 seats in the Atlantic area and 20 of them went to the Liberal opposition. In the three provinces of the maritime area the result was 15 Liberal seats and 10 Conservative seats. The election in the maritimes was very definitely a free trade issue election.

I would hope that that in itself would impress upon the government that there are concerns. Most of them do hinge upon the five- to seven-year period and the decision of what a subsidy is. I would hope that the government in its wisdom can take into account the result of the election and find the means to give assurance to the people of the Atlantic area that they will not be forgotten, as they were by Simon Reisman when he did not have time to consider regional development grants in his negotiations with the American negotiators.

I would hope that the administration will not only provide verbal assurances but will also provide concrete action in

[Senator McElman.]

defence of the needs of the Atlantic area, particularly with respect to subsidies, as the negotiations on free trade continue. I say without hesitation that I wish the government well. I hope that they are good negotiators. I hope that my fears are groundless. I hope that it is in Canada's interest, particularly in the maritime's interest; that the whole thing will be highly successful.

Senator Frith: Honourable senators, I believe there will be a vote at second reading and I should like to say a word about it.

I cannot say that I speak for all my colleagues, but I think that many of them will agree with me when I say that I would love to vote against and defeat this legislation, because I think it is legislation implementing a bad agreement. However, I am going to abstain. There are two reasons that I am going to abstain. There is the factual, mathematical reason that, if I and enough of my colleagues vote against the legislation, it will be defeated. That would be contrary to the undertaking given by Senator MacEachen and me and our caucus last July when we said that we wished to delay and not pass the previous legislation, Bill C-130, until there was an election, as Senator MacEachen outlined. We did say at that time, as I feel we were bound to say within our system, since we were tying it to an election and not to a referendum, that if the government received a majority in the House of Commons and the House of Commons passed the legislation we would let it pass rapidly. The question, then, is: "What is 'rapidly'?" I think we have come to an understanding on both sides as to what that is.

● (1740)

George Bernard Shaw said, "When a stupid man is doing something he is ashamed of, he always declares that it is his duty." I hope that is not the major premise of a syllogism that would go: "When a stupid man is doing something he is ashamed of, he always declares that it is his duty." The minor premise being, "I am doing this because it is my duty. I'm ashamed of the result." And the conclusion being, "Therefore, I am a stupid man."

Senator Macquarrie: We would never call you that!

Senator Frith: Thank you. I was soliciting exactly that reaction.

Senator Phillips: You came to the wrong conclusion again!

Senator Frith: Honourable senators, I am not at all ashamed of doing what I think is my duty as a result of the undertaking that we gave, but I am disappointed in the results of the election and the result that it will have on the passage of this legislation.

Honourable senators, I intend to abstain from voting—I think many of my colleagues will also abstain—for the reasons that I have mentioned. Much as we would like to vote against it, we are prevented from doing so because of our duty to fulfil the undertaking we gave last July.

An Hon. Senator: Hear, hear!

Senator Murray: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Murray speaks now it will have the effect of closing the debate on second reading.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, there was a time when I could have worked on that syllogism, because I believe I detected what we used to call an undistributed middle—

Senator Frith: Which leads to a fallacy.

Senator Murray:—which leads to a fallacy. But I am a bit rusty in that area and I will not pursue the point, especially at this late hour.

With regard to the intervention that we have just heard from the Deputy Leader of the Opposition to the effect that he and his colleagues would abstain on a vote on second reading of this bill, if my friends opposite insist on a standing vote so that they may have the opportunity to record their abstentions, then, of course, we will accommodate them. But it would suit no part of my, or our, intention tonight to call for a standing vote. The hour is late, the night is stormy, and I, for one, have 40 miles to drive. Unless honourable senators absolutely insist on a vote, we can let second reading go, on division—that is, if they are willing to do so.

The narrative which we heard a few moments ago from Senator McElman about harassment of Canadian—indeed, maritime—industries by U.S. business and political interests over the years and some of the specific cases that he cited constitute one of the strongest arguments for this Free Trade Agreement.

Recent history and not so recent history in our commercial dealings with the United States constitute the strongest possible argument for securing and placing on a stable basis this great trading relationship between Canada and the United States. In particular, recent history points out the need for a mechanism such as the dispute-settlement mechanism that is contained in the Free Trade Agreement between Canada and the United States.

The complaint that we have had in recent years has not been about American law per se but, rather, about the politicization of the process, about harassment, as Senator McElman properly pointed out in one of the cases to which he referred, the softwood lumber case. We knew that that process had become so highly politicized and that the political pressures were so great that our chances of getting a fair hearing were not very great. We were destined to lose the case and we had to deal.

Precisely what we have gained under the dispute-settlement mechanism are time—the honourable senator pointed out that the actions by U.S. interests have consumed years and years of time at great expense on the part of smaller Canadian producers—and an objective examination of the law and the application of the law in place of a highly political process. That is what we mean when we say that we have made strides in applying the rule of law to these cases.

The honourable senator complains that the panels can only decide if domestic law has been applied fairly and objectively. That in itself is a considerable gain. There are “panels” and

“panels”. One of the duties of binational panels, for example, will be to examine new laws that may be passed in the United States. If those new trade remedy laws should specifically target Canada—as they would have to do to apply to us—then a binational mechanism will examine whether or not those new laws are consistent both with the GATT and with the spirit of the Free Trade Agreement.

I appreciate the honourable senator's concern about regional development programs, especially in the Atlantic provinces. I continue to believe that the new regional development programs that this government has introduced in the Atlantic provinces and the Free Trade Agreement together constitute the best chance that the Atlantic region has had in my lifetime to make real economic progress vis-à-vis the rest of the country.

An Hon. Senator: Hear, hear!

Senator McElman: And I hope you are right.

Senator Murray: I can tell the honourable senator—and he knows this—that for 15 or 16 months I was minister in charge of ACOA. I have taken some interest in these matters for a long time. My own examination of the programs that we and previous governments have put in place in the Atlantic provinces in the field of regional development does not lead me to think that any of these programs are in any danger at all from the Free Trade Agreement.

Honourable senators, while I do not question the sincerity of the speeches and the concerns that have been expressed by those senators who have expressed them this afternoon, the pervasive sentiment in the speeches that we have heard is fear of the unknown; fear of the future; fear, in some cases, of the United States; and fear of taking a chance.

Senator Frith: Consequences of a bad deal.

Senator Murray: These speeches, honourable senators, together constitute an argument for the status quo, an argument for doing nothing. But, honourable senators, the status quo is not a viable option for Canada.

Senator Frith: The argument is to do better, not to do nothing!

Senator Murray: The protectionist trends that we saw in the United States, in the United States political system, in the Congress are still there; they have not abated. If anything, they have increased with the composition of the new Congress elected in November last. When one views the world scene, one quickly comes to the conclusion that the status quo is not a viable option for Canada.

● (1750)

You see trading blocks being consolidated around the world—for example, the consolidation of the European Economic Community—and you know that without the Free Trade Agreement Canada remains virtually the only western industrialized nation without access to a market of 200 million people or more. So the status quo is not an option, and fear of the future, fear of the unknown and uncertainty will not get us very far.

We have had the most elaborate hypotheses constructed this afternoon, on the basis of which future calamities have been foretold. What if the GATT panel rules against the restrictions that we have put in place on ice cream and yogurt? What will happen to our ice cream? If the GATT panel rules against us in that case, will the Europeans feel encouraged to challenge us on cheese? If the GATT panel rules against us on cheese, what will happen then? These are questions for the future and surely, serious as they are, they do not constitute a valid reason for opposing the Free Trade Agreement with the United States. We have been told that Canadian businessmen will complain about the costs they bear as a result of social programs and the consequent effect on their competitiveness. So what else is new? When did they not complain? They always complain and they will go on complaining about that subject. We have been told that United States businessmen will say that Canadian social programs are subsidies and therefore countervailable. Well, so what?

I should like to bring to the attention of the Leader of the Opposition comments by someone whom I am sure he will respect. Senator Daniel Moynihan, the senior U.S. Democratic senator from New York, writing in the *Financial Post* of November 17 with regard to the question of whether the U.S. might assert that such social welfare programs as Medicare or pensions constitute subsidies to Canadian business and accordingly must be eliminated, said that the answer is "no, never, not a chance, not a scintilla of possibility." Senator Moynihan went on to point out that the U.S. social security retirement benefits budget alone is some \$232 billion and that you can add to that income security spending of \$136 billion, of spending of \$86 billion, and then the total social welfare cost to the U.S. government soon exceeds the entire gross domestic product of Canada, which will be about \$325 billion U.S. in 1988. So Senator Moynihan says, I think with some logic, that if he had had the faintest notion that under the proposed Free Trade Agreement their social programs, for which he documents the costs, might be open to attack from Ottawa's subsidies the agreement would never have left the finance committee in the United States. He says, "Period. End of subject."

The Hon. the Speaker: Honourable senators, it is now six o'clock and, according to rule 12, I must leave the Chair. However, you may wish to disregard the clock.

Senator Frith: Let us do that.

Senator Doody: Let us not see the clock.

Senator Murray: Honourable senators, I shall not trespass for very long on the time of the house. Senator Moynihan went on to say that the most important point as regards the status of Canada's social welfare programs, the Free Trade Agreement, changes nothing, that the General Agreement on Tariffs and Trade precludes any U.S. trade action directed against Canada's Medicare or social programs or any other general benefit program. He said that this approach had been accepted since GATT was founded 40 years ago; that the issue is simply not an issue. Secondly, he points out that U.S. countervailing duty law does not consider pension or health benefits a subsidy, that

[Senator Murray.]

these programs are accepted as generally available under U.S. law and not subject to countervailing duties. No such program has ever been countervailed.

So, honourable senators, I think those quotations of Senator Moynihan of the United States put the argument about social programs in some perspective—the perspective of the GATT and the perspective of U.S. trade law, which, as he points out, does not consider such programs as being countervailable.

Honourable senators, I think I heard the Leader of the Opposition say in reference to the five- to seven-year negotiations that are about to take place that social programs and subsidies are still on the table. Social programs are not on the table. Social programs have not been on the table and they will not be on the table. Senator Buckwold went even further when he said that we have seven years to harmonize our social programs. There is absolutely no justification for such a statement. It is absolute nonsense. It is simply not true. There will be negotiations for five to seven years. The mandate of our negotiating team will be settled by the government. The team itself will be appointed. As I said, social programs will continue to be excluded.

When the Honourable Leader of the Opposition says that we must look at the economic forces that the Free Trade Agreement will unleash and at the pressures to change our social programs, I only say to him, look at history. Look at the lessons of other countries that have had far different social programs from their trading partners yet have formed free trade agreements. Sweden has free trade agreements with most of western Europe; yet it has social programs that are vastly more costly and extensive than our trading partners'. She has not had to change those social programs because of any pressures from her trading partners in the trading agreement. The same is true of Holland, also a member of the European Economic Community, which has social programs that are more costly and different. If the honourable senator needs a final example, surely our own country provides it. The present network of social programs was built up precisely at the time when Canadian trade barriers with the United States were being largely dismantled and trade barriers between Canada and the rest of the world were falling.

The Honourable Leader of the Opposition has repeated the concerns with regard to energy that he expressed on an earlier occasion. He will have an opportunity to pursue these matters in more detail at the committee stage, particularly the questions he has about the role of the National Energy Board vis-à-vis the government. It is true that if the board should decide that restrictions on exports to the United States are appropriate then it will be up to the Cabinet to decide if the government will impose controls. The Free Trade Agreement is between the United States and the Canadian government. It is not with the National Energy Board. If the honourable senator sees some loss of authority for the National Energy Board in that provision, then he is correct. It will be up to the government to impose the controls in a manner consistent with the Free Trade Agreement.

The honourable senator has also made the point that Canada is obliged to share its oil with the United States in a shortage. At least, I think I heard him say as much. The fact of the matter is that in the case of a shortage Canada is not obliged to share anything with the United States, except, of course, under the present provisions of the International Energy Agreement. The fact of the matter is that the obligation would be to administer any controls that we introduced in a fashion that does not limit U.S. access in commercial terms to a proportion of Canadian supplies based on the established U.S. share of Canadian supplies. The fact of the matter is that Canadian firms can also bid. There is no obligation at all on Canada to supply or to provide any share at all to the United States. They have been given a right. We have imposed upon ourselves the obligation to allow them access on commercial terms by allowing them the opportunity to bid. Senator MacEachen says that this will drive up prices.

● (1800)

Honourable senators, an argument could be made against the Free Trade Agreement in all logic—against any free trade agreement with the United States—and the argument is on the premise that it is not possible for governments to mitigate the undesirable effects of the market economy; therefore, more state control is needed; and we need more national energy programs throughout the Canadian economy. Senator MacEachen did not make that argument, but the inference is there. It would have been logical for him to make that argument, because it follows so logically from what he said.

Another argument that could be made against any free trade agreement with the United States is that governments are powerless to maintain our political independence and our cultural identity; therefore, we must discriminate against American investment; we cannot have national treatment; we must treat Canadian companies operating in Canada differently from American companies operating in Canada. That, too, is an argument not only for more statism, not only for more government intervention in the economy, but for a narrow economic nationalism which would do this country immense harm. Indeed, the few experiments that we have had in the past have already retarded our economic development very considerably.

Honourable senators, I was going to speak about the question of adjustment and, indeed, I was going to say something about agriculture and the food processing industry, but the hour is late and there will be an opportunity for honourable senators to canvass these matters in the committee. I do want to say, however, that, with regard to adjustment matters, this is a very resilient economy that Canada has and it is in the process of constant adjustment. Adjustment that is due to changes in the trading environment cannot be isolated from adjustments that are due to technological change or to the increased role of women in the labour force, or to the labour-management relations factor, to environmental standards and so forth. There are all kinds of factors affecting the work place that require adjustment, and there are some 5.2 million job changes taking place in Canada every year.

The government has programs such as the Canadian Job Strategy programs—six of them: the Industrial Adjustment Services to assist communities and industries to adjust; the range of programs that are being developed in the Department of Industry, Science and Technology; the Western Diversification Office; the Atlantic Canada Opportunities Program; the External Affairs Trade Promotion Program; the Labour Department programs for older workers. All of these are intended to help, and do help, industries, communities and individuals to adjust to changing economic conditions and will help to exploit to the full the opportunities provided by the Free Trade Agreement.

As the honourable senator has pointed out, we have appointed a commission, headed by Mr. Jean de Grandpré, to examine these programs and to see what changes would improve their effectiveness, efficiency or equity. At the same time the commission will examine the possibilities for Canadian businesses and workers to position themselves to benefit from the agreement. They will identify specific adjustment issues or circumstances arising from the agreement.

The Senate committee will, as I understand, have an opportunity to examine Mr. de Grandpré or one of his officials on Thursday afternoon, and, while I am not sure that he will be in a position to give a sneak preview of the recommendations of his commission, I am sure he will be able to share with honourable senators some of the impressions and insights that they have gained in their work over the past few months.

Some reference has been made here to the role of the Senate and Senate committees in monitoring the subsidy negotiations and other negotiations that will be taking place between Canada and the United States once this agreement is put into force. It is up to the Senate, of course, to decide on the terms of reference that it assigns to any committee. The government will cooperate with any such committee, as we always do. I do make one reservation. Honourable senators will understand, I think, if I say that we must draw the line at disclosing elements of our negotiating position or, indeed, the negotiating position of our interlocutors where doing so would adversely affect the negotiations or prejudice our position. I think it is also well understood among honourable senators who have experience in these matters that we must be the judges of that. Subject to that, we look forward to the coming months and years as, yes, a challenging time. There is a great deal to be done in our discussions and negotiations with the United States so that we can ensure that the maximum benefit to Canada ensues from this agreement, but we look forward to the coming months and years with great confidence, because we continue to believe firmly that this Free Trade Agreement is the foundation upon which we make Canada not only competitive and successful in the North American economy but in a global context as well.

The Hon. the Speaker: It is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Beaudoin, that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: We want a vote.

The Hon. the Speaker: Is it your pleasure to adopt it now?

Senator Argue: With a vote.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1810)

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	MacDonald
Barootes	(Halifax)
Bazin	Macquarrie
Beaudoin	Murray
Bielish	Nurgitz
Bolduc	Phillips
Cochrane	Postras
David	Robertson
Doody	Rossiter
Doyle	Simard
Flynn	Tremblay
Kelly	van Roggen—24.
Lang	

NAYS

THE HONOURABLE SENATORS

Nil

ABSTENTIONS

THE HONOURABLE SENATORS

Adams	Lefebvre
Anderson	Lucier
Argue	MacEachen
Bosa	Marchand
Buckwold	Marsden
Cools	McElman
Corbin	Molgat
Cottreau	Neiman
Denis	Perrault
Fairbairn	Petten
Frith	Stewart
Graham	(Antigonish-
Guay	Guysborough)
Hastings	Stollery
Hays	Thérault
LeBlanc	Turner
(Beauséjour)	Wood—32.
Leblanc	
(Saurel)	

● (1820)

The Hon. the Speaker: Let the doors be opened.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Murray, bill referred to the Standing Senate Committee on Foreign Affairs.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, DECEMBER 29, 1988

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S9:30 a.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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34th PARLIAMENT

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(HANSARD)

Wednesday, December 28, 1988



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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THE SENATE

Wednesday, December 28, 1988

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

THE HONOURABLE ERNEST G. COTTREAU

TRIBUTES ON RETIREMENT FROM THE SENATE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to draw attention this afternoon to the fact that our colleague Senator Cottreau will very soon be reaching the end of his career as a member of the Senate. In fact, I understand that today is his last day. Senator Cottreau has made plans to return to Nova Scotia tomorrow, so I thought it would be appropriate to make some remarks now.

Those of us who attended the excellent reception recently given by His Honour the Speaker for our colleague Senator Cottreau will recall that His Honour, Senator Murray and I made extensive comments extolling the career of Senator Cottreau. What was fascinating about that event was Senator Cottreau's spirited reply, which demonstrated the eloquence he possesses, an eloquence that he did not often share with us in the chamber. However, that event will certainly be a lasting memory as one that gave the honourable senator an excellent send-off.

Senator Cottreau was summoned to the Senate on May 8, 1974, but it was not until September 30, 1974, that he actually took his seat in the chamber. For his new colleagues, however, the short wait was well worth it. His amiability, efficiency and presence have been characteristic of his career in the Senate.

The appointment of Senator Cottreau to the Senate marked the continuation of a long line of Acadians, beginning with Mr. Ambroise-Hilaire Comeau, who was called to the Senate, from his riding in Digby, to take his place in, I believe, 1907. I believe it was Senator Cottreau himself who told us in a speech in the Senate that that tradition had been established by consultations between the Honourable William Fielding and Sir Wilfrid Laurier at that particular time. In any event, it has been a happy tradition and one that has been maintained almost consistently since that time.

In his maiden speech to the Senate Senator Cottreau spoke of the responsibility he felt to the Acadian community of Nova Scotia and of the role of the federal government in protecting and promoting the French language in Nova Scotia. In looking back I found that Senator Cottreau has been diligent in making points in the Senate not only about the linguistic interests of Acadians but also about their economic welfare. He has demonstrated in his own career the qualities of the Acadian people of Nova Scotia. At one time he said, "In my area Acadians have always been recognized for their ambition

and their contribution to the welfare of society." I can certainly support that statement, having had the honour in the House of Commons to represent considerable blocs of French-speaking Acadians in my former constituency.

As honourable senators know, there is a significant Acadian population in northern Inverness County, on Isle Madame in Richmond County and in an important part of Antigonish County, as well as in that area in which Senator Cottreau has resided. From my long association with the Acadians I can assure honourable colleagues of the qualities which Senator Cottreau has himself exemplified, and I can attest to those qualities from personal experience.

Honourable senators, one can never do justice to an occasion of this kind, but in my own case I am delighted to have had the opportunity of serving with Senator Cottreau for the last four years, to acknowledge today the contribution he has made and to acknowledge the important tradition in our political life which he represents.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I listened with great interest to the remarks of the Honourable Leader of the Opposition. I was particularly interested to hear him point out to us the existence of important groups of Acadians in eastern Nova Scotia and Cape Breton, which he formerly represented in the House of Commons. I could not forbear to speculate that now that our esteemed friend Senator Cottreau, who comes from the South Shore, is leaving us Senator MacEachen may have been making an argument that an Acadian from eastern Nova Scotia or Cape Breton might be an appropriate replacement. In any case, I shall certainly see that his remarks are drawn to the attention of the Prime Minister and, of course, Premier Buchanan, who, under the Meech Lake Accord, will have the right to recommend a slate of candidates for vacancies in the Senate.

[*Translation*]

Honourable senators, I would like to thank the Leader of the Opposition in the Senate for reminding us that our friend and colleague Senator Cottreau is about to leave. Indeed, on January 28, Senator Cottreau will turn 75 and have to retire from the Senate.

Mr. Cottreau first made a name for himself in teaching. He then went into business for about ten years. But he finally returned to his former love, teaching, before entering the Senate on May 8, 1974.

A native of Nova Scotia, Senator Cottreau has always been a proud representative of the Acadian people of that province.

Honourable senators, I believe all of us who were close to him admired his poise, clear thinking and what I would call his discreet charm.

Senator MacEachen referred to Senator Cottleau's maiden speech in this Chamber more than 14 years ago. In it, Senator Cottleau spoke of subjects that are still topical today. He said that he would focus on three main principles during his time in the Senate. First, he warned that foreign fleets off Canadian shores were a real danger to our fishermen's livelihood. Senator Cottleau then promised to work for more harmonious relations between French- and English-speaking Canadians. Finally, he promised to work to improve the situation of the Acadians in Nova Scotia.

I believe one can say without false modesty that Senator Cottleau faithfully followed the course he set for himself. He was able to defend those interests and rise above mere party politics.

Senator Cottleau, on behalf of the government, the Prime Minister and all my colleagues, I thank you for a job well done.

We shall miss your courtesy, your humour and your wit. I wish you good luck and hope to see you again.

● (1410)

[English]

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks of Senators MacEachen and Murray. I first met Senator Cottleau shortly after he was summoned to the Senate in May 1974. I soon found him to be a gentleman of the old school: courteous, dependable and devoted to his duties in the Senate. In carrying out my duties as Liberal Whip, I found my friend and colleague Ernie Cottleau of invaluable assistance. I now wish to thank him publicly for his help and guidance and to assure him that I shall miss his wise counsel and calming influence.

Having visited Senator Cottleau and his wife Rachael at their home in Yarmouth, Nova Scotia, I was able to see at first hand the high regard in which he is held by his fellow Nova Scotians. Senator Cottleau is one of the mainstays of Saint Anne College in Church Point, Nova Scotia, where a room has been designated "The Senator Ernest Cottleau Room".

Ernie, may you enjoy many years of retirement with your charming wife Rachael and your equally charming daughter Simone.

If I may be allowed, I should like to close by saying, to use an old Newfoundland expression: Long may your big jib draw! To the uninitiated, let me explain that that means long life, good health and happiness.

Hon. Senators: Hear, hear!

Hon. Ernest G. Cottleau: Honourable senators, this is really a surprise for me. I did not expect to hear such good words about me this afternoon in the Senate. I have just about arrived at the magic age of 75 when, regretfully, I shall have to leave the Senate.

Senator Frith: The regret is ours.

[Senator Murray.]

Senator Cottleau: At the reception that His Honour the Speaker was good enough to hold in honour of Senator Langlois and me I said that I would not allow myself to feel sad, much as I regret leaving. I would rather look on the other side and be thankful for having had the opportunity and the good fortune to serve as a senator in the Senate of Canada.

I want to thank Senator MacEachen, Senator Murray and Senator Petten for their kind words.

[Translation]

Honourable senators, I would like to add a few words on this matter. It has been mentioned that I represented the Acadians in Nova Scotia. I would like, if I may, to reiterate that it has been a Canadian tradition for some 75 years to appoint an Acadian to one of Nova Scotia's ten seats in the Senate. Although I realize this is not a written law, that tradition is very much appreciated among Acadians.

In the future, I would hope that the Canadian Government will favourably consider maintaining that sound practice. As mentioned by Senators MacEachen and Murray, Acadians in Nova Scotia are scattered throughout the province. Where that senator hails from is not that important. What is important is that he be an Acadian, and this will make me very happy. Thank you.

Some Hon. Senators: Hear, hear!

[English]

COMMITTEE OF SELECTION

SECOND REPORT PRESENTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, December 28, 1988

The Committee of Selection has the honour to present its

SECOND REPORT

Pursuant to Rule 66(1)(a), your Committee nominates the Honourable Senator Molgat as Speaker *pro tempore*.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Phillips, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

COMMONWEALTH PARLIAMENTARY ASSOCIATION THIRTY-FOURTH GENERAL CONFERENCE, AUSTRALIA—NOTICE OF INQUIRY

Hon. Heath Macquarrie: Honourable senators, I give notice that on Friday next, December 30, 1988, I shall call the

attention of the Senate to the Thirty-Fourth Commonwealth Parliamentary Conference, held in Australia from September 14 to 25, 1988.

QUESTION PERIOD

[English]

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETINGS— PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, yesterday I asked the Leader of the Government questions concerning Meech Lake, the Constitution and the future participation of both the Yukon and Northwest Territories in any future discussions; I know that he did not intentionally mislead me, but I am wondering if there is a possibility that I did not get the answer that I should have received.

The minister was very quick to point out— This may be funny to you, Mr. Minister, but it is not very funny to the people who have been excluded from the Constitution. I am trying to ask a serious question, and I suggest that you answer it seriously.

Senator Doody: Ask it, then!

Senator Flynn: Don't get indignant.

Senator Lucier: The minister responded by saying that my question was based on a faulty hypothesis, which was that there may be some future discussions on Meech Lake and the changing of the Meech Lake Accord.

In answer to Senator Molgat and Senator Austin, following my inquiry, the minister said that a letter had been received from Premier Filmon, and that an article had appeared in the *Globe and Mail* in which the Premier of Manitoba had said that there was an impending crisis because of the Meech Lake Accord, and he had written to the government and asked that some meetings take place. All I was asking for yesterday was the assurance that, if any meetings were to take place, the elected representatives of the Yukon and the Northwest Territories would be invited. He seemed to think there was no possibility that meetings would take place, and later on I think he said that there were some requests for meetings.

My simple question now is the same as it was yesterday: If any meetings are scheduled to discuss constitutional matters, will the elected leaders of both the Yukon and the Northwest Territories be invited to attend? That is not a difficult question, honourable senators; it requires a simple yes or no.

• (1420)

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Well, let me deal first with the question of territorial representation at First Ministers' meetings. It has been the practice under this government, as I believe it was under our predecessor government, that at formal public meet-

ings of the First Ministers the elected heads of government of both territories are invited to attend and, at a given point in the proceedings, are invited to speak. We will continue to respect that practice.

The meeting to which I referred yesterday is one that was effectively announced by the Prime Minister in October; it is an informal luncheon of First Ministers such as was held following the 1984 election. I believe the Prime Minister said that it will be held some time in the first quarter of the coming year. It is an informal meeting of First Ministers. The territorial leaders are not normally invited to attend such meetings, and will not be in this case.

I would also like to emphasize that, while I would be very surprised if the matter of the status of the Meech Lake ratification process did not come up, the meeting has not been called for the purpose of discussing Meech Lake or, indeed, constitutional matters in general. It is an informal meeting that would be preparatory to a more formal, public meeting to be held perhaps later on in 1989.

Senator Lucier: Honourable senators, the minister has just expressed the very fear that we have in the Yukon. He has said that he would be very surprised if the Meech Lake affair did not come up during this private meeting of First Ministers. What I am saying is that there should be no meetings of First Ministers without the attendance of the elected representatives of the Yukon and Northwest Territories. If the Meech Lake Accord or any constitutional matter is to be discussed at that meeting—and the minister has just said that he would not be surprised if that were the case—then our elected representatives should be there. We are a big part of the Meech Lake Accord since we are the ones affected seriously by it. Why would we not be invited to attend meetings at which any discussions of this subject take place?

Senator Murray: Well, I have news for the honourable senator. There is an amending formula in this country and it involves the Parliament of Canada and the legislatures of the ten provinces.

Senator Lucier: Well, I have news for the Leader of the Government as well: The ignoring of the Yukon and Northwest Territories from here on in is a thing of the past. We had better be invited to any meetings in which the Constitution is discussed, whether it be with respect to Meech Lake or anything else, or I would hope that my colleagues on both sides of the Senate would have serious reservations in dealing with the outcome of those meetings.

Senator Murray: Honourable senators, I do not know how many times I have to repeat this. The luncheon that is being held some time in the first quarter of 1989 is not for the purpose of discussing the substance of the Meech Lake Accord. I have offered what I think is the sensible, prudent opinion that it would be surprising if, in the course of that luncheon, the ratification process did not come up around the table. That, it seems to me, as it involves only the ten provinces and the Parliament of Canada, is not a matter to which it would be necessary to have present representatives other than

the representatives of those parties involved in the amending formula.

Senator Lucier: Honourable senators, I was hoping that the minister was improperly named when he was called the minister responsible for federal-provincial relations. I was hoping that somewhere down the line somebody would recognize that there ought to be some reference in there to include the territories. I am disappointed to learn that the Leader of the Government in the Senate feels that any meeting between the leaders of the provinces and territories of Canada—leaders of the people of Canada—should take place without the leaders of the people of northern Canada. To be ignored by some others would be bad enough, but to be ignored by the minister is the greatest insult that you could give us.

Senator Murray: Honourable senators, I do not wish to trash old straw, but I should remind Senator Lucier that, when the final deal on patriation was made in the 1981-82 exercise, in some kitchen in the Chateau Laurier, not only were the territories absent but also one of the major partners in Confederation was.

Senator Lucier: Honourable senators, that shows the type of thinking that is done by this government.

Senator Murray: I did not hear you complaining.

Senator Lucier: The people of the Yukon were not invited to the meetings; they could not have been at any of those meetings. The Premier of Quebec had been invited, and could have been there had he chosen to be.

Senator Lefebvre: Right on! Hypocrite!

Senator Lucier: The difference is that we could not have been there. If you do not understand that, you should no longer be our minister.

INFORMAL MEETING OF FIRST MINISTERS—PUBLISHING OF AGENDA

Hon. Peter A. Stollery: Honourable senators, the Leader of the Government gives the impression that this meeting will be a luncheon meeting where bits of gossip from across Canada will be discussed. I should like to ask the Leader of the Government if there will be an agenda published for this luncheon meeting.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, perhaps I am mistaken in speaking of a luncheon. I speak of a luncheon because it was a luncheon that was held in 1984 after the election. There will be an informal meeting. Perhaps it will be lunch; perhaps it will be dinner; perhaps it will be breakfast.

I doubt very much that an agenda will be struck and published much in advance. Informal meetings are informal. The participants—there are only 11 of them—have an opportunity to set the agenda as they go along. The 1984 meeting was a very fruitful one. It set the basis for very productive years in federal-provincial relations and a series of annual

[Senator Murray.]

First Ministers' meetings on the economy that took place during our first mandate. I would expect that that same informal and unstructured atmosphere will be as productive this time as it was last.

Senator Stollery: Honourable senators, productive it may have been, but the result seems to be that the Premier of Manitoba has withdrawn his approval of the Meech Lake agreement. I believe that the Minister of State for Federal-Provincial Relations and Leader of the Government in the Senate would agree with me that under the circumstances the entire country is watching the spectacle of the collapse of that production that started several years ago. One of the premiers has withdrawn his support, and there is the language issue that has arisen in Quebec. Does the minister not think that it would be appropriate, and in the public interest, for an agenda to be published so that the people of Canada can find out what is being decided on their behalf by a meeting of these 11 individuals?

Senator Murray: Honourable senators, as I have indicated, the informal meeting that is planned is merely preparatory to other more formal meetings that will no doubt ensue, both at the First Ministers' level and at the ministerial and officials' level. But I do not think that the people of Canada will object to the fact that, after a general election and the re-election of a government with a majority mandate, First Ministers might give themselves a few hours of quiet time to compare notes and discuss the future. That is what will happen.

● (1430)

AGRICULTURE

DROUGHT RELIEF PROGRAM—FEDERAL-PROVINCIAL COST SHARING AND DATE OF PAYMENT

Hon. Sidney L. Buckwold: Honourable senators, I have a question for the Leader of the Government in the Senate. During the election campaign a long awaited announcement was made in the province of Saskatchewan involving payment to farmers for drought relief. We all expected this to happen. We knew that it would happen somewhere towards the end of the election; it was just another way for the government to ensure that the large assets of the federal treasury would be made available to potential voters. I am not sure that it was quite so effective, but \$850 million in drought relief was announced for farmers who had been affected by that calamity—and it is a calamity.

Since then we have learned that the government has asked the provinces to share in that payment. So far as I am aware, this was not part of the original plan. The provinces, quite understandably, are astonished at this, and find that their treasuries also are bare and those funds are not available. The matter seems to be in limbo at the moment, although the able minister in charge of the Canadian Wheat Board, Charlie Mayer, has indicated that the farmers will be paid this drought relief assistance, \$850 million, no later than January 15. That is only a few weeks away, and these hard-pressed, literally

bankrupt farmers—the salt of the earth in our part of the world—are waiting for these payments.

My question, after that lengthy preamble, is: Will the payments go forward before January 15, or is it necessary to get the provincial governments' agreement to participate? And what happens if the provinces do not agree to share the cost? Will the situation be clarified in the near future? It is a matter of great importance to us.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I hope the situation will be clarified in the near future. The short answer to the question asked by my honourable friend is that discussions are still proceeding between ministers of the federal government and the provinces concerned.

My honourable friend expressed some doubt as to the politics of the announcement made some weeks ago. I presume he has no doubt that it is good public policy for the government to come to the aid of farmers, who, as he said, are suffering from what he has described as a calamity.

He says that the provinces are astonished and that this was not part of what he calls the original plan. Without entering into a debate on the matter, I point out that agriculture is a matter of shared jurisdiction between the federal and provincial governments, and I do not think the farmers would be astonished to hear that one expected the provinces also to come to their assistance in a situation such as the present one; on the contrary.

Senator Buckwold: Honourable senators, in response to the minister's reply, in an article in the *Financial Post*: this morning Bruce Stewart, an Ontario Agriculture and Food Ministry spokesman, said, "It is a federal program." That is just the opposite of what we have heard from the Leader of the Government in the Senate, who, once again, is trying to soft-pedal an issue which is, in fact, the responsibility of the Government of Canada. It was their program as quoted—

Senator Barootes: So was Medicare—

Senator Buckwold: Would my honourable friend repeat that remark?

Senator Barootes: I say that Medicare was also a federally-sponsored program, but it is cost-shared with the provinces.

Senator Buckwold: There is no doubt about it; there are some cost-sharing programs; however, this was a program announced by the federal government. I assure the honourable senator that I am not making this up by myself; I am merely quoting a spokesman for the Government of Ontario. If you wish me to name other spokesmen, I can do that too.

However, I say to the honourable senator: Don't go out and bribe the farmers of Saskatchewan—which is what your party did; you went out and bribed them for votes. Now you want the provinces to pay half the cost. I want to make sure that our farmers get the money, and the deadline is now only two and a half weeks away.

[Translation]

OFFICIAL LANGUAGES

DIMINISHMENT OF MINORITY RIGHTS—GOVERNMENT POSITION

Hon. Norbert L. Thériault: Honourable senators, my question is for the Leader of the Government in the Senate and I ask it on behalf of many francophones outside Quebec. The two Houses of Parliament are expected to adjourn for two or three months. This causes concern for francophones outside Quebec. After the Government of Quebec passed special legislation last week, we heard that there was a deal.

I would like to ask the Minister for Federal-Provincial Relations if he is aware of this "deal" that was supposedly reached between the Premiers of Saskatchewan and Alberta after their provinces passed legislation following the decision rendered by the Supreme Court of Canada. This legislation had the effect of taking rights away from the French-speaking people in their provinces.

We did not hear a word from the so-called protectors of the francophone community in Canada or in Quebec. The Province of Quebec passed a bill that takes rights away from anglophones but strangely enough, not a word of protest was heard from the Premiers of Saskatchewan and Alberta.

Because of these events, the French-speaking minorities throughout the country are wondering who is responsible for minority rights in Canada in 1988.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): First of all, honourable senators, let me say that I have no intention to give credence to the false rumours that Senator Thériault wishes to spread about some "deal" between certain provinces.

Secondly, I would tell him very simply that in our jurisdiction, the government and the federal Parliament passed Bill C-72 before the election. This law ensures that federal government services are available in English and French throughout the country.

As for provincial jurisdiction, our policy is to support linguistic minorities throughout the country by means of agreements negotiated with the provincial governments.

The hon. senator certainly knows the policy of the federal government in this regard.

Senator Thériault: Honourable senators, I am glad to hear what the Minister for Federal-Provincial Relations has just told us. Nevertheless, one must wonder where we have come to in 1988 when an important Minister of the Government of Canada who is responsible for many programs that apply to minorities throughout the country can say, on one hand, that Quebec had to do what it did.

On the other hand, the Prime Minister said that he was not pleased with it and that he would have preferred something else. So are you surprised that francophones outside Quebec and minorities throughout Canada, not only francophones

outside Quebec, wonder what is going on and who will protect them?

Senator Murray: I draw Hon. Senator Thériault's attention to the agreements reached in recent months by the Secretary of State of Canada, Mr. Lucien Bouchard, with several provinces, including Quebec, and also with the Council of Ministers of Education of those provinces.

● (1440)

[English]

THE CONSTITUTION

MEECH LAKE ACCORD—FIRST MINISTERS' MEETING—STATUS OF REPRESENTATIONS OF PREMIER OF MANITOBA—REQUEST FOR COPY OF GOVERNMENT'S REPLY

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government as the Minister of State for Federal-Provincial Relations. Yesterday, when I asked him whether the federal government had responded to the letter written by Premier Filmon of Manitoba and, if so, whether I could have a copy of that response, the minister agreed that he would get a copy of the written reply, if one had been made. Has he been able to obtain a copy of that reply?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, what I said yesterday was that Premier Filmon's attention had been drawn to the letter which the Prime Minister had sent to the premiers in October advising them that he would be calling an informal meeting of First Ministers early in his second mandate. I was not aware that a separate response to Premier Filmon's most recent letter had been sent. I am under the impression that such a letter has not been sent, but my commitment stands, and if I am wrong, and a letter has gone out, I shall obtain a copy of it and let the honourable senator have it.

Senator Molgat: Honourable senators, I am deeply disturbed if there has been no response to Premier Filmon's letter, because I have here a copy of his letter of December 19 addressed to the Right Honourable Brian Mulroney, Prime Minister of Canada.

Senator Lefebvre: Read it!

Senator Molgat: It reads:

My dear Prime Minister:

I am writing to advise you of my Government's grave reservations following the response of the Government of Quebec to last week's Supreme Court decision concerning minority language rights in Quebec.

Unfortunately, that decision has placed us on the verge of a constitutional crisis and will seriously affect consideration in our province on the 1987 Constitutional Accord. In so doing, it runs directly counter to our efforts and yours to strengthen national unity.

Under these circumstances, my caucus and I consider it inadvisable to proceed with the Meech Lake Accord. As you know, I introduced the resolution in our Legislature

[Senator Thériault.]

on Friday and debate is now underway, with public hearings scheduled to begin next month. The Quebec Government's decision makes it clear that proceeding with these hearings on the current schedule could cause deep dissension throughout our province. For this reason, I will approach the leaders of the other parties in our Legislature to pursue with them the withdrawal of the resolution.

Given the vital importance of these constitutional issues to the future of our country, I ask that you convene a meeting of First Ministers on an urgent basis. I am prepared to come to Ottawa as early as this week if such a meeting can be arranged.

Clearly, this is a time for strong federal leadership and Manitobans will look to you and your colleagues to play an active role in ensuring that a solution to this impasse can be found which is just to both English and French speaking Canadians and which builds bridges between the various provinces and regions in this country.

This letter has been copied to Premier Bourassa and the other Provincial Premiers.

I look forward to your immediate response.

Sincerely yours,
Gary Filmon

With that kind of very specific request from the premier of a province, who, at this particular stage, has, as the minister tells us, an important role in the matter of the constitutional accord, is the minister telling me that the Prime Minister of Canada has not replied to that kind letter?

Senator Murray: Honourable senators, the position of the premier and the Government of Manitoba were made public even before we received the letter. We replied publicly at once on the basis of a number of aspects of the letter. First, we do not agree with the analysis that there is a constitutional crisis in Confederation by reason of the events to which the premier refers. Second, we have pointed out to him at the officials' and ministerial levels, as we frequently do when there are communications of this kind, that the Prime Minister had already notified premiers of his intention to have them to an informal meeting early in his second mandate. Third, we do not think it is appropriate at this time to summon a full-fledged First Ministers' constitutional conference of the kind suggested by the premier on the basis of the events of which he speaks. The premier had his response within a couple of hours of having made his request.

Senator Molgat: Honourable senators, exactly how did the Premier of Manitoba get his response? The minister tells us that there has been no letter. The minister tells us that the Prime Minister has not written and that he, the minister, has not written. Yesterday Senator Guay asked whether the minister had phoned the premier, but he never answered that question.

Senator Guay: That's right!

Senator Molgat: The minister waffled around and said that he had talked to the premier on the telephone prior, but the minister never indicated that he had talked to him on the telephone afterwards. Newspaper reports tell us that Premier Filmon has tried to reach the Prime Minister five times and still has not received an answer from the Prime Minister.

Senator Guay: That's right!

Senator Molgat: Could the minister tell me who on earth communicated with the premier, and how and what they told him?

Senator Murray: Honourable senators, perhaps I should explain that both the telephone conversation with me and the letter the honourable senator just read into the record were overtaken by events. The premier called me—I believe it was three minutes before he made his public announcement—to make it very clear to me—

Senator McElman: A Liberal would never do that.

Senator Flynn: Carstairs might.

Senator Murray: —that he was not calling to seek my advice, and certainly not to discuss the matter with me. He made it very clear that he was simply informing me that in three minutes he would be making public the position that has outlined in that letter. The premier made that position public. The letter was sent, but before it even arrived here he had held his press conference and made his statement. He had made his request, and we, through a news conference that I held on behalf of the government, replied to his position. So there is no uncertainty about the premier's position as outlined in the letter, and there is no uncertainty about our position.

Senator Molgat: Honourable senators, the minister is going around in circles and he is not answering the question. Let me make a statement and, if I am wrong, he can stand up and correct me.

● (1450)

First, referring to the letter which was received, you have not written to the Premier of Manitoba; second, the Prime Minister of Canada, to whom the letter was addressed, has not written to the Premier of Manitoba; third, you have not spoken to the Premier of Manitoba since he made that formal request; and fourth, the Prime Minister of Canada has not spoken to the Premier of Manitoba since that request. I assume that is the response from the federal government.

Senator Murray: Honourable senators, as I explained a few moments ago, my conversation, brief as it was, with the Premier of Manitoba occurred after he had made his decision and only three minutes before he made the announcement; so I was aware of what he was going to announce. As I say, the letter was overtaken by events.

I must say that I have not had time to check whether a formal reply has been sent by the Prime Minister to that letter. If it has, I can assure my honourable friend that it will contain the views I have already placed on the record in this house today, yesterday and, I think, on one previous occasion. If the

Prime Minister has confirmed that decision in writing, I will obtain a copy and table it here, but the honourable senator should not expect any surprises.

Senator Molgat: My four statements, then, are correct. That is the response of the federal government. That is the new method of federal-provincial understanding, the new spirit.

Hon. Joseph-Philippe Guay: Further to the questions asked by Senator Molgat, I should like to ask the Leader of the Government if, while he was in conversation with the Premier of Manitoba—

Senator Murray: Your name did not come up once.

Senator Guay: I have no doubt about that, because I do not belong to his caucus; otherwise it might have.

I was going to ask the Leader of the Government whether the Premier of Manitoba let it be known to him that he had made a few attempts to speak to the Prime Minister by telephone and that he could not get through or did not have his calls returned.

Senator Murray: Honourable senators, I think my friend is slightly confused about the chronology here. On the day the premier reached me he had tried, a few minutes before, to reach the Prime Minister. As I told the Senate yesterday, the Prime Minister was on his way to Question Period in the House of Commons and could not take the call at that precise time.

Senator Guay: The reason I put the question to the Leader of the Government is that it is my understanding from newspaper articles published in my area that the premier did not call him only once; apparently, he called several times and the calls went unanswered.

Senator Murray: I do not think the premier has made that assertion. My understanding from what I have seen in the media is that the premier has said that he had been trying to reach the Prime Minister in more recent days and could not do so. That should not be surprising, given the work schedule the Prime Minister has been facing these past few weeks. As I indicated in the house yesterday, when a premier wants to reach the Prime Minister, he reaches him as soon as that can be arranged.

Senator Guay: The Prime Minister may be able to reach a premier, but it is only a one-way deal.

[Translation]

THE ESTIMATES

APPOINTMENT OF NATIONAL FINANCE COMMITTEE TO STUDY SUPPLEMENTARY ESTIMATES (B) 1988-89

Hon. Fernand-E. Leblanc (Saurel): Honourable senators, my question is directed to the Leader of the Government in the Senate. I notice that the 1988-89 Supplementary Estimates (B) were tabled in the other place on December 16, 1988. It was referred to various standing committees of the House of Commons.

Why has the Senate not received the Supplementary Estimates in accordance with tradition and the *Rules of the Senate*? Why has the Standing Senate Committee on National Finance not been appointed to study them?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, my friend Senator Doody informs me that these estimates were tabled in this House a few days ago.

I am not responsible for the meetings of the various committees. If the Hon. Senator insists, we can call an emergency meeting of the Standing Committee on National Finance on this subject. As far as the Government is concerned, we have tabled the estimates a few days ago.

Senator Leblanc (Saurel): When the Committee of Selection met, it could have tabled a report and reappointed the Standing Committee on National Finance. Has the Committee of Selection decided to appoint only two committees?

When the Committee of Selection met, they knew very well that the Supplementary Estimates would be tabled.

Why did they not decide to appoint this committee so that it could proceed with the review of these Supplementary Estimates? Does the Government have something to hide in these Supplementary Estimates?

Senator Murray: Honourable senators, this question should be directed to the chairman of the Committee of Selection, the Government Whip.

Senator Leblanc (Saurel): Honourable senators, the question was in fact directed to him. He left just as I was starting to ask my question. I cannot force him to stay put.

[English]

THE CONSTITUTION

FIRST MINISTERS' MEETINGS—PARTICIPATION BY TERRITORIES

Hon. Paul Lucier: Honourable senators, my question for the Leader of the Government in the Senate concerns the participation of members of both northern territories in any further constitutional discussions which may take place. I am sure you will accept the fact that it is fairly difficult to fight a war until you establish who is the exact enemy.

I should like to know—and I think the people of the two northern territories are entitled to know—whether the federal government has objected to having the two elected leaders present at any constitutional conferences or at any constitutional discussions which take place with First Ministers. Would it be the federal government which would object, the premiers who would object, or would it be both?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, I believe there were four or five annual First Ministers' Conferences on the economy during the first mandate of this government. There have been several constitutional conferences on aboriginal

[Senator Leblanc.]

constitutional rights. These are formal, First Ministers' Conferences.

I believe I am correct in stating that at each of them, following the practice which, I believe, was established by our predecessors, the heads of government of the territories have been present and have been invited to speak. That is the established practice in the federation at the moment.

I am not sure whether the honourable senator is suggesting some change in that practice or whether he is suggesting that we have somehow departed from the practice, because we have not.

Senator Lucier: Honourable senators, in the first instance, I am trying to establish the exact problem. I do not think these meetings are quite as formal as the minister makes them out to be. I should like to say at this time that there has been increasing participation by the two northern territories in these conferences. I think the last government did a reasonable job, in most cases, of having the representatives of the Yukon and Northwest Territories participate. I am not suggesting for one second that that has not taken place or that we do not appreciate the little tidbits that we have received. What I am saying is that we have gone beyond that. We have reached the point now where serious constitutional changes affecting the two territories have taken place and will continue to take place, and they are not allowed to participate.

I would preface my remarks by saying that I am asking for changes. I think what has taken place up to this point is not good enough. We have grown up; we have gone beyond the point of just being able to attend a conference and, either before or after the conference, make a 15-minute speech. We have gone beyond that. We want to be partners in the decision-making. I am asking the minister whether he disagrees with that. If he does, that's fine; that is all we want to know. If he does not disagree with that, then who does? Is it the premiers? Somebody does not agree that we should be there as full partners in discussions of the Constitution.

● (1500)

I am not saying that we want to be full partners in every First Ministers' Conference. I am just saying that, when the subject matter of such a conference affects us, we want to be there to take a full part in the discussions.

Senator Murray: The honourable senator says that the Yukon and Northwest Territories want to be part of the decision-making process. It is not a question of the federal government's or the provincial governments' objection to that. The fact is that there is an amending formula in this country, as I said earlier. The participants in the process of amending the Constitution are the federal Parliament and the provinces.

While the honourable senator can properly request and expect that the views of the territorial governments should be sought, heard and respected, we cannot go beyond that. They are not part of the formal decision-making process with regard to constitutional amendments, and will not be until they achieve provincial status.

Senator Lucier: Honourable senators, I think I have received my answer. We will not be part of the process until we become provinces. Since, through Meech Lake, every province has a veto against our becoming provinces, we are just not going to be able to participate. I think that is the answer I was looking for.

DELAYED ANSWER TO ORAL QUESTION

SOCIAL INSURANCE

ABUSE OF SIN—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have one delayed answer to a question asked by Senator Olson on December 20 regarding the use of social insurance numbers.

Hon. Charles McElman: Is it lengthy?

Senator Doody: No, it is not lengthy in terms of the discussions in this place.

Senator McElman: Would you mind reading it, then?

Senator Doody: No, not at all. As I said, the question was raised on December 20 regarding the abuse of "SIN", which probably means "social insurance number".

Senator McElman: It is fairly difficult to abuse sin.

Senator Doody: Yes; that seems to be somewhat contradictory, but I pass it on anyway.

The press release referred to by Senator Olson last week dealt in fact with the non-statutory use of social insurance numbers, and not with the statutory use as applied through the Income Tax Act. Indeed, the administration of the Income Tax Act is specifically exempted from this policy. There is therefore no inconsistency with Bill C-139. The measures contained in C-139 with respect to the reporting of investment and interest income were first outlined in the June 18, 1987, White Paper on Tax Reform tabled by the Honourable Michael Wilson. The ways and means motion was subsequently tabled on December 16, 1987.

I am cognizant of the argument, which has raged for some time now, over the use of social insurance numbers for any purpose other than their original intention. Honourable senators should know, however, that this particular measure in Bill C-139 is absolutely necessary in terms of confirming taxpayers' reported income and preventing abuse. It represents a significant cost saving to the government.

I must stress also that the Income Tax Act sets out strict confidentiality requirements and provides for penalties in the event that the requirements are breached.

Senator McElman: In connection with that, I regret that I was not in the chamber a week ago yesterday when there was a tidbit of information put on the record of the Senate that was inaccurate. One of the honourable senators on this side of the house said that, in the province of New Brunswick, in order to obtain a salmon fishing licence one must provide one's social insurance number. I should simply like to correct that piece of

information for the benefit of the Senate and of those who love to fish in my beautiful province.

That was the case; that was the requirement of the government. Having gone to two outlets where such licences were issued, having been told that I had to provide my social insurance number, and having refused to do so, I contacted the then minister, who was helpful and cooperative in this regard. He issued instructions to his department that this practice would cease forthwith.

Hon. Eymard G. Corbin: Honourable senators, I hesitated to rise following Senator Doody's delayed answer to that question, but since Senator McElman has interjected his comment I see my way free to do likewise.

I raised the question of the social insurance numbers being used by insurance companies, writing to insured Canadians requiring "under the law and regulations" their social insurance numbers. It seems to me that a citizen, inasmuch as he should not be ignorant of the law, could be given the courtesy of the citation of the law or regulation under which the insurance companies can "request" the social insurance numbers of those whom they insure. If that is the law and the request is made under a regulation emanating from the law, then ordinary citizens, even though they should not be ignorant of the law, may be informed of it.

This seems to me to be a basic courtesy that should be extended to ordinary Canadian citizens so that they can understand how the law of the country operates and the reasons for which the government demands of insurance companies that their clients supply their social insurance numbers. This is a new thing in Canadian life. If everybody involved in that process is to receive the cooperation of people down the line, they should be properly informed.

If an insurance company, or any other company affected under this act, is going to take the trouble to write a form letter, slip it into an envelope, pay 37 cents for a stamp, and demand that the client complete the reply and slip it into another envelope at the cost of another 37-cent stamp, surely it would not be much more difficult to insert another paragraph in the letter to state the law and regulation under which this is being done.

Many people are mystified by this action. In the past they have never been asked to supply this sort of information. Furthermore, most people, knowing that the social insurance number is a confidential matter between the government and themselves, are not readily disposed to pass their social insurance numbers on to an insurance company, a bank or any other institution.

I hope that message is understood somewhere, somehow.

Senator Doody: I appreciate the comments made by the honourable senator. I shall see that they are brought to the attention of the appropriate department. If I receive more information in this regard, I shall bring it forward.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Doody*). (2nd day of resuming debate)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, this order stands in my name. I am willing to defer to anyone who wishes to speak in reply to the gracious Speech from the Throne. It is certainly not my intention, in having this order stood in my name, to hold up the debate. I am simply making it available to anyone who wishes to speak.

Order stands.

NATIONAL DEFENCE

SPECIAL COMMITTEE APPOINTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hicks, seconded by the Honourable Senator Molgat:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 31st March, 1989.—(*Honourable Senator Frith*).

Hon. William J. Petten: Honourable senators, Senator Frith has agreed to yield to Senator Doyle.

Hon. Richard J. Doyle: Honourable senators will recall that Senator Hicks was quite anxious that we move with some haste to reconstitute the Special Senate Committee on National Defence so as to let it complete its report on the land forces. I should remind honourable senators that this work began

[Senator Doody.]

under the late Senator Lafond and that Senator Hicks took up the chore with great enthusiasm.

• (1510)

A great deal of progress has been made. The section of the report on mobile command has now been completed. It needs the attention of the committee before it can go on to translation, which is the next phase of this particular operation. It would be regrettable to members of the committee if this was delayed until we resume in the new year. We should like to have that work done so that we can keep to the date on which Senator Hicks had promised to deliver our report to this chamber, which is March 31, 1989.

On behalf of Senator Hicks and on behalf of all members of the committee I request the Senate's approval of this motion.

Motion agreed to.

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA—DEBATE ADJOURNED

Hon. Nathan Nurgitz rose, pursuant to notice of Tuesday, December 20, 1988:

That he will call the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from 19th to 24th September, 1988.

He said: Honourable senators, I am pleased to present the report of the Eightieth Inter-Parliamentary Conference held at Sofia, Bulgaria, from September 19 to 24, 1988. I seek the agreement of the Senate to table the report of the conference. I will not be seeking your approval to append the report to today's proceedings, because the report will be circulated to all members of the IPU and will be available to all honourable senators.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Report tabled.

Senator Nurgitz: As we are all aware, the central aim of the Inter-Parliamentary Union is to advance the cause of peace and international cooperation by supporting the objectives of the United Nations. At the present time 110 countries are members. Next year, 1989, marks the centenary of the union, and special celebrations are planned at the two regular conferences held by the IPU.

In advance of each conference there is a meeting of the western and like-minded countries, known as the "Twelve-Plus", to discuss the conference agenda and to develop common positions where possible. When the regular conference is held in an East Bloc country, it is customary for the Twelve-Plus to meet at a separate location. Senator Neiman and I attended this meeting in Oslo, the capital city of the Norwegian chairman of the Twelve-Plus.

Among the topics we discussed was the proposal for an IPU meeting of the signatory groups of the Conference on European Co-operation and Security, which was scheduled to be

held in Bucharest in May 1989. The West German group raised the issue of the situation in Romania, where certain minorities are being subjected to civil rights abuses and where authorities plan to destroy entire rural communities through forced removals.

After discussing whether to issue a statement criticizing the serious human rights violations or to take other action, the Twelve-Plus group decided it would simply seek a postponement, without giving a statement, in order to demonstrate concern about the situation in Romania while at the same time avoiding a major confrontation that could harm the CSCE process.

Prior to its departure the Canadian delegation received interesting and informative briefings from officials in our Department of External Affairs. At our first delegation meeting in Sofia the Canadian Ambassador to Yugoslavia, who is accredited to Bulgaria, Mr. Terence C. Bacon, briefed the delegation on Bulgarian-Canadian relations, especially dealing with the position of the Bulgarian government with respect to Canada's candidature for the United Nations Security Council, which has since been obtained.

Mr. Denis Laliberte, Second Secretary of our embassy in Belgrade, assisted the delegation in Sofia. I should like to make a comment on the excellent work done by Mr. Laliberte, as seen by all delegates. I cannot say enough about the extra effort that he put into the service to parliamentarians. This was especially important with his background knowledge of the East Bloc countries. I should like to say a special word of thanks as well to the two Canadian staffers, Mr. Stephen Knowles, our own Canadian group Executive Secretary, and Barbara Reynolds from the Parliamentary Centre, whose efforts both before and during the conference were of valuable assistance.

The two subjects which had been selected for this conference were "International cooperation in the humanitarian field in bringing national legislation into line with international rights, norms, principles and instruments" and "Implementation of the United Nations resolutions on the granting of independence to colonial territories and to the elimination of colonialism, racism and apartheid". Our colleague Senator Bosa was one of the first speakers on the subject of international human rights. He used this opportunity to speak to our Bulgarian hosts about the need to respect the human rights of minority groups in their country, with particular reference to the Turkish minority in Bulgaria. I understand that Senator Bosa will be participating in this debate, and we look forward to hearing more about his intervention on that item.

The IPU rules provide that on the first day of the conference a supplementary item is added to the agenda. The Canadian group, concerned that the trade in conventional weapons is contributing to the escalation of conflicts, proposed a debate on the subject of "The urgency for all states to adopt and implement a policy of strict control of the export of military goods and technology to countries involved in or under imminent threat of hostilities." Our reasoning was that since the end of the Second World War there have been in excess of 100

major conflicts, none of which have involved nuclear arms. That is not to take away from the necessity of dealing with that grave world danger, but these conflicts have all been with conventional arms. Many millions of people have lost their lives because of the use of conventional arms. That was why we sought that as an item.

In order for a subject to be chosen it must receive at least two-thirds of the votes cast. In cases where more than one subject receive the required majority, then the one with the highest number of votes is the supplementary item. Our proposal did not receive a majority. Of the competing bids for a supplementary item the Italian item dealing with the drug trade was also defeated. The supplementary item that was ultimately selected was "The popular uprising in the Arab territories occupied by Israel".

One of the significant events that took place at this conference was an amendment to the IPU statutes proposed by our own Canadian group. For several years the union has been discussing ways to promote equality between men and women in its organization and, in particular, to encourage greater participation by women in the decision-making bodies of the union. Voluntary action in this matter, as in many others, has not succeeded in achieving this goal. It took 98 years of IPU existence to finally get its first woman on the executive. The Canadian group discussed various measures that could be taken, and concluded that at least one of the positions on the international executive committee should be designated for a woman parliamentarian. At a previous IPU conference held in Guatemala City in April we submitted a formal proposal to this effect, but the women parliamentarians recommended that at least two positions should be designated for women. We withdrew our proposed amendment and resubmitted it, as amended by the meeting of women parliamentarians, for consideration at this conference in Sofia.

I am extremely pleased to report that the Canadian amendment was adopted unanimously; but it was not an easily won battle. At the meeting of the International Executive Committee immediately before the conference only two of the current twelve members were in favour of it. Faced with this rather pessimistic outlook, I should like to think that the Canadian presentation to the meeting of women parliamentarians, urging them to lobby intensively the members of their own delegations and to meet with leaders of delegations which did not include women, was very effective. This strong and fervent effort paid off, for our amendment was adopted unanimously both by the Inter-Parliamentary Council and, subsequently, by the conference. I can honestly state that no one was more surprised at this outcome than the Canadian delegation, as we faced considerable opposition to our proposal and a reaction that the timing was not right, as well as the traditional reasons given in rejecting women. We were prepared to resubmit a modified proposal for subsequent conferences, but that, of course, will not be necessary.

Another significant event for the Canadian delegation was the election of our own colleague Senator Joan Neiman as a permanent member of the Special Committee on the Viola-

tions of the Human Rights of Parliamentarians. At the IPU Conference in Mexico City in 1976 Senator Neiman was a member of the Canadian delegation which introduced the proposal for the creation of this committee. She has worked extremely hard in promoting the work of this committee and has served as a substitute member for the past five years. We are extremely proud that she has been elected to this position and extend our congratulations to her. Since its inception in 1977 this committee has dealt with in excess of 600 cases and has been successful in a large number of them. I understand that Senator Neiman will likely be participating in this debate perhaps tomorrow and can tell honourable senators more about the important work of that committee.

● (1520)

The purpose of the IPU is to promote personal contacts between all members of Parliament, to unite them in common action to establish and develop representative institutions and to advance the work of international peace and development.

Honourable senators, I think our report will demonstrate how this purpose is being met.

Hon. Peter Bosa: Honourable senators, it is a pleasure to participate in this debate on the Inter-Parliamentary Union conference held in Bulgaria's capital city, Sofia, last September.

Before mentioning the content of my remarks to the plenary session in Sofia I want to pay tribute to our Bulgarian hosts for their excellent hospitality. Everything was well organized. Our conference was held in a magnificent convention centre known as the Palace of Culture. It was very spacious, and we welcomed the use of such wonderful facilities.

Bulgaria's name derives from a Turkish people known as the Bulgars, who originated in the Steppes north of the Caspian Sea. One branch of the Bulgars settled near the mouth of the Danube and founded the Bulgarian state in 681. They fell under Turkish rule in 1396, and continued to be ruled by Turkey for five centuries. Following the Russo-Turkish War of 1878 the principality of Bulgaria and the autonomous province of Eastern Rumelia were constituted, both under Turkish suzerainty. In 1885 Rumelia was reunited with Bulgaria, creating a Bulgarian state with approximately the same boundaries as present day Bulgaria.

A fully independent Bulgarian kingdom was proclaimed in 1908. Bulgaria allied with Germany in World War I and was defeated. It allied with Germany again in World War II and declared war on the United States and the United Kingdom, but not on the Soviet Union. In August 1944 Bulgaria opened talks with allied representatives to take Bulgaria out of the war. While those talks were under way the Soviet Union declared war on Bulgaria. Soviet forces invaded the country without resistance, and Communist rule began on September 9, 1944, when the fatherland front, aided by the U.S.S.R., seized power from the coalition government. The monarchy was abolished in 1946 by popular referendum and the republic was proclaimed. Elections followed, which confirmed Georgi Dimitrov as both Prime Minister and First Secretary of the

[Senator Nurgitz.]

Communist Party. All opposition parties were abolished and a new Constitution, based on the Soviet model, was adopted in 1947.

For obvious political and geographic reasons, relations between Canada and Bulgaria are limited. Our two nations established diplomatic relations in 1966, and Bulgaria named its first ambassador to Canada in 1968. Canada does not have an embassy in Sofia, but the Ambassador to Yugoslavia is also accredited to Bulgaria.

The level of trade between Canada and Bulgaria is very low. From 1979 to 1984 Canadian exports fluctuated between a low of \$5.1 million in 1980 to a peak of \$11.8 million in 1981. Bulgarian exports to Canada consist mainly of apparel and food and beverages. Canadian exports to Bulgaria have been chiefly in the form of agricultural goods and raw materials. Zinc and asbestos have been traditional exports, but at highly fluctuating levels. Canadian firms have been successful in exporting live cattle since 1982, and exports of rayon yarn began in 1984. Efforts have been made to increase Canadian exports of manufactured goods, with some success in geophysical equipment, instrument landing systems and agricultural equipment.

As our honourable colleague Senator Nurgitz has already mentioned, one of the purposes of the union is to support the objectives of the United Nations. This year, 1988, marks the fortieth anniversary of the signing of the Universal Declaration of Human Rights, and it is fitting that the union should select as one of the topics for this conference a debate on the subject of the need for all states to pass legislation so that domestic laws are in conformity with international human rights instruments.

The proclamation of the Universal Declaration of Human Rights in 1948 was a turning point in the history of civilization. This declaration outlines general standards and promotes universal respect for, and observance of, human rights and fundamental freedoms. In 1966 the United Nations General Assembly adopted two international covenants—one on civil and political rights and the other on economic, social and cultural rights—which are treaties to give legal effect to the 1948 declaration. Two separate covenants were necessary because the obligations enshrined in them are implemented differently. For example, the covenant on civil and political rights enumerates obligations that are immediate, such as prohibiting torture, whereas the covenant on economic, social and political rights outlines "progressive" obligations, such as enacting measures that will lead to full employment. In the case of the covenant on civil and political rights there is an optional protocol under which individuals may report violations by their governments to the United Nations Human Rights Commission, but as yet only 39 countries, including Canada, have ratified this "individual reporting mechanism".

These four international instruments—the universal declaration, the two covenants and the optional protocol—make up what is known as the International Bill of Rights. They form the basis for our articulating our standards of acceptable conduct in the field of human rights. While they are a solid

foundation for the promotion of human rights, they are by their very nature general, broad guidelines. Over the past 20 years attention has been directed to developing a number of specific instruments to deal with particular human rights in a comprehensive manner, particularly with respect to definitions and enforcements of monitoring mechanisms. For example, the previous covenants dealt with torture in one or two clauses, but the recent convention on torture spelled out in detail the necessary changes in domestic legislation as well as the implementation mechanisms needed to eradicate this barbaric practice. Honourable senators will recall that in 1987 we amended the Criminal Code in order to comply with this convention.

Both the Canadian draft resolution submitted to the conference and the final resolution adopted by the plenary session called on all states which had not yet done so to accede to these international human rights instruments and to comply fully with their provisions. It was evident that there was a sense of commitment and urgency among delegations to come to grips with the subject of human rights, and I am optimistic about future activities in this field.

● (1530)

As I mentioned earlier, Canada is one of only 39 countries that have agreed to submit their record of performance under the International Covenant on Civil and Political Rights by agreeing that individual citizens can petition the United Nations Human Rights Commission. In speaking to the nearly 500 delegates from 95 countries who attended this conference, it was my intention to demonstrate how this reporting mechanism could be used effectively and how a government could respond. I used the example of our experience in responding to a petition initiated by an aboriginal woman. She complained that a piece of domestic legislation, namely, the Indian Act, was discriminatory, because Indian women who married non-Indians lost their status as Indians while Indian men who married non-Indians did not. The United Nations Human Rights Commission found that Canada was not living up to Article 27 of the covenant—the single article in which minorities are mentioned.

Subsequently, Canada took steps to change its domestic legislation in order to comply with its international obligations. The important point which I wanted to convey was that it is nothing to be ashamed of that we had to have a little prodding from an impartial international committee to put our house in better order.

As Canadians, we sometimes take fundamental rights and freedoms for granted. However, as we prepared for our visit to Bulgaria we were reminded that such rights are not automatic in all countries. Among the information we received with respect to our host country was a status report on the situation of the Turkish minority in Bulgaria. Approximately 9 per cent

of the population of Bulgaria is of Turkish origin, and we received reports from international human rights groups that some individuals were subject to forced assimilation, including the changing of names and the prohibition of certain religious customs. Against this background, I felt it imperative to speak about the human rights of minorities, and did so by describing the Canadian experience.

While noting that Canada is officially a country of two languages, we are also a country of many cultures. This multiplicity of peoples has enriched Canadian society and its cultural environment and has broadened Canada's outlook. I said, and I quote:

We believe that the active encouragement of minority customs and practices is a very worthwhile activity, and our federal and provincial governments now have active multiculturalism programs which promote the retention of minority languages and cultures by Canadians.

I also used the Canadian example to speak about the question of assimilation, and noted that in Canada we have come to believe that cultural assimilation is not required for a citizen in order to be a good Canadian, and that we regret past instances of assimilation. Many of us know of instances of European immigrants who felt, upon arriving 50 or 80 years ago in a Canada dominated by British and French cultures, that their names were not "Canadian" enough and, under no more compulsion than fashion, adopted new names or "Canadianized" versions of their own names. However, it is much worse when such a process is in force as a deliberate, systematic government policy. Canadians object to such policies as unfair and unnecessary and urge all peoples to look to the international human rights instruments for protection and for the redress of grievances.

In concluding my comments to the conference plenary session on this very important subject, I said:

Liberty, as all other basic values, must be fostered on a daily basis. One of the most appropriate ways for us to acknowledge the 40th anniversary of this important declaration is through the immediate implementation of and strict adherence to these various human rights instruments. Let us acknowledge our shortcomings and go forward reaffirming our commitment to the paramount principle . . . that all human beings are free and equal.

Honourable senators, on this, the anniversary of the Universal Declaration of Human Rights, it is appropriate to reflect on the progress we have made and to renew our commitment to the principles of equality and freedom for all, and to build a world where human rights and fundamental freedoms can be fully realized.

On motion of Senator Neiman, debated adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, DECEMBER 29, 1988

FOREIGN AFFAIRS

256-S9:00 a.m.

*Bill C-2, An Act to implement the Free Trade Agreement
between Canada and the United States of America*

THURSDAY, DECEMBER 29, 1988 (Cont.)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S9:30 a.m.

*1. Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting;*

2. Other business

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

1st SESSION • 34th PARLIAMENT • VOLUME 132 • NUMBER 6

OFFICIAL REPORT
(HANSARD)

Thursday, December 29, 1988



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

This issue contains the latest listing of Officers of the Senate, the Ministry,
Senators and Members of Senate and Joint Committees.

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, December 29, 1988

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED, PRINTED AS
APPENDIX AND ADOPTED

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the first report of the Standing Committee on Internal Economy, Budgets and Administration.

I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see Appendix "A", p. 78).

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NATIONAL DEFENCE

COMMITTEES AUTHORIZED TO MEET DURING ADJOURNMENTS
OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That for the duration of the present Session, the Standing Committee on Internal Economy, Budgets and Administration and the Special Committee of the Senate on National Defence may meet during adjournments of the Senate.

Motion agreed to.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Friday, 30th December, 1988, at one o'clock in the afternoon.

Motion agreed to.

INTER-PARLIAMENTARY UNION

EIGHTIETH CONFERENCE, SOFIA, BULGARIA

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Nurgitz calling the attention of the Senate to the Eightieth Inter-Parliamentary Conference, held at Sofia, Bulgaria, from 19th to 24th September, 1988.—(*Honourable Senator Neiman*).

Hon. Joan Neiman: Honourable senators, the Inter-Parliamentary Union has a long history of concern for human rights, a subject that is dealt with regularly by its Committee on Parliamentary, Juridical and Human Rights. Honourable senators will recall from yesterday's interventions by our colleagues Senators Nurgitz and Bosa that human rights was again a major topic at the Sofia conference last September.

As those of you who have been delegates to IPU meetings know, there is also a Special Committee on Violations of the Human Rights of Parliamentarians which carries on its work quite independently and in a particular manner within the organization. It had its genesis during discussions in the permanent committee, which I mentioned a moment ago, of innumerable examples of human rights violations that were brought to its attention by various members, when the idea began to germinate that the IPU should become more proactive and should do something more constructive to discourage or alleviate human rights abuses.

Canada can take some pride in the work of its successive delegations that ensured that the idea finally took hold and became a reality. Two distinguished former chairmen and leaders of the Canadian group, the Honourable Gordon Fairweather, P.C., and the Honourable Robert Stanbury, P.C., brother of our colleague in the Senate, participated in the debates.

Our most difficult challenge occurred at the spring conference in Mexico City in 1976. I had originally presented a resolution which, if accepted, would have entailed the setting up of a committee to deal with specific cases of abuses of the human rights of people generally. However, we encountered

stiff opposition from the Soviet bloc of communist countries, which argued that it would be a duplication of the efforts of other tribunals already operating and therefore an unnecessary expense to the union, as well as from other countries, including some of our own allies in the union, which were not keen on having their human rights records examined by yet another organization. We decided to modify our objective, and so I presented an amendment to our original resolution which had the effect of confining the investigations of the proposed committee to alleged abuses of parliamentarians only. The resolution stressed:

That protection of the rights of parliamentarians is the necessary prerequisite to enable them to protect and promote human rights and fundamental freedoms in their respective countries, and that, in addition, the representative nature of a Parliament closely depends on the respect of the rights of the members of that Parliament.

We argued very strongly that anything that affected the rights of parliamentarians had to be a primary concern of the Inter-Parliamentary Union; and, after much hectic lobbying, we finally won the vote by a comfortable margin.

The procedure that the special committee was to follow was set out very clearly by the Inter-Parliamentary Council. It was to:

examine and treat communications regarding cruel, inhuman and degrading treatment or punishment of parliamentarians.

It further provided that it was:

applicable to Members of Parliament who are or have been subjected to arbitrary actions during the exercise of the mandate entrusted to them by their voters, whether the Parliament is sitting, in recess or has been dissolved as the result of unconstitutional or extraordinary measures.

● (1410)

The special committee, which was eventually set up as the body mainly responsible for examining and dealing with the communications received in cases of violations, is elected by the council. Its terms of reference include various international covenants and instruments, beginning with the Universal Declaration of Human Rights and others adopted since then.

I want to place on the record that from the moment the Canadian group began discussing the possibility of a special committee to examine abuses of human rights it had the enthusiastic support and assistance of Mr. Pio-Carlo Terenzio, our former Secretary General. With the formation of the committee, Mr. Terenzio, and then his successor, Mr. Pierre Cornillon, as well as members of the secretariat, have formed an essential and integral part of the team. Without their assistance the committee simply could not have functioned as effectively as it has.

Today the committee consists of five titular members and their five substitutes, all elected personally to represent various geopolitical areas. The countries that I have represented, first, as a substitute member since the inception of the committee some ten years ago and, now, as a titular member, are those of

the western allies, including Australia, New Zealand and others more loosely associated with that group. We call ourselves the "Twelve-Plus", but that number could increase shortly. The other four members are from Malaysia, representing the Asian countries; Togo, representing the African countries; Hungary, representing the Soviet bloc of countries; and Argentina, representing the South American countries.

The special committee meets during the spring and autumn conferences of the union, as well as two other times at half-way points between those conferences at the union's headquarters in Geneva. During these meetings it examines a long list of cases which have been brought to its attention and which it considers valid and within its competence. The members have new cases to deal with at almost every meeting, but others have been on the active list a discouragingly long time. We have to accept that we may never be able to write a happy ending to some of them.

During these meetings delegates or representatives from the countries that are being examined often appear before the committee to explain and to try to justify their government's actions. Sometimes the committee receives direct testimony from persons representing the parliamentarians who are being detained or who have disappeared.

Since its establishment in 1977 the Special Committee on Violations of the Human Rights of Parliamentarians has dealt with 625 cases. As I mentioned, we have had some successes, but many cases have remained unsolved for years. For example, seven Somali parliamentarians were arrested in 1982 and were accused of "involvement in matters contrary to the security and interests of the nation". They were stripped of their parliamentary mandates even before being accused and were held incommunicado for five years without trial. The Somali authorities always refused to accept an IPU mission to investigate the situation. A military tribunal of sorts tried two of the detainees early in 1988 and condemned them to death, but, under great pressure from international organizations, and particularly the IPU, this sentence was commuted. However, they are still under house arrest. Four others were finally tried early this year and released at last. A seventh parliamentarian died in detention. Regrettably, the Somalia cases are similar to many others around the world.

Occasionally, as a result of its observations and recommendations to the Inter-Parliamentary Council, the committee is directed by the council to make a personal visit to certain of the countries that are being investigated. The purpose, of course, is to elicit more information regarding the detention or other adverse conditions of the parliamentarians involved, from the detainees themselves, where possible, and also from the officials of the government, who may have created those conditions or be in a position to alter them.

Three weeks ago I returned from such a mission to Malaysia and Indonesia. The mission consisted of another titular member, Senator Hipólito Solari Yrigoyen of Argentina, and myself, as well as Ms. Christine Pintat, the very able secretary of the special committee, from our Geneva headquarters. Senator Solari Yrigoyen was himself a "disappeared" par-

liamentarian for some 15 days during the former regime in Argentina, and, after being found, was held in prison under very abhorrent circumstances for over one year. On his release, which was effectuated in part through the representations of the special committee of the IPU, he was exiled in Venezuela and France for six years before being allowed to return to his native country. You can appreciate why he has a very real and personal interest in assuring that the work of the special committee is as effective as possible.

Since our subcommittee will make a confidential report to the full committee at its meeting in Geneva at the end of January, I cannot give any details with respect to it at this time. I can only say that on closer examination these situations always seem to be far more complex than they seemed to be previously, even on the basis of abundant documentation. However, I am cautiously optimistic that we can look forward to the release of the parliamentarians involved in the not too distant future.

Honourable senators, the most recent report which the special committee presented to the Sofia conference contains the cases of 52 parliamentarians from eight different countries. They include, for instance, 28 Chilean parliamentarians who have been exiled for many years and two others who have simply disappeared; four parliamentarians who have been assassinated in Colombia in circumstances which give rise to the suspicion that the police, military personnel and/or intelligence service members may have been actively or tacitly involved; one parliamentarian in Honduras who was assassinated this year shortly after testifying before the Inter-American Court of Human Rights in a case concerning four earlier "disappearances" in his country; and seven parliamentarians who were arrested in Malaysia, five of whom have been detained without trial for over a year. There are several other cases of detention under dubious circumstances.

The effectiveness of the Inter-Parliamentary Union in bringing justice to bear in these cases is closely linked with the efforts of individual national groups and parliaments, and even individual parliamentarians. The resolution adopted in 1976 stipulates that:

National groups will be required to report to the next meeting of the Council on all action taken with respect to IPU reports on human rights violations against parliamentarians.

Our Canadian group has taken up this challenge. After each conference we send a copy of the report of the special committee to the Secretary of State for External Affairs for his information and such action as he considers appropriate. We meet and keep in touch on a regular basis with the person in that department who is charged with overseeing all human rights matters. Furthermore, we expect to set up a procedure whereby the Speakers of our two houses will communicate directly with the Speakers of the parliaments of the countries involved, conveying not only the concerns of the Parliament of Canada but their hope that the cases about which they are communicating will be speedily and happily resolved.

[Senator Neiman.]

• (1420)

To digress for a moment, I should like to pay a heartfelt and sincere tribute, in which I am sure all honourable senators will join, to a distinguished Canadian, Professor John P. Humphrey, Emeritus Professor of International Law at McGill University, who was recently awarded a United Nations Human Rights prize on the occasion of the fortieth anniversary of the Universal Declaration of Human Rights. He has for many years been active in the field of international human rights and was the first director of the United Nations Human Rights Division. I have just read a long article on his career, which notes that he was responsible for a great deal of the preparatory work on and was in fact the author of much of the final wording of the Universal Declaration, which was adopted by the United Nations General Assembly in 1948. I have attended many meetings over which Professor Humphrey has presided, and he has always appeared to be an inspiration and example to everyone who has heard him. On behalf of those who continue to need to have their human rights protected, I wish Professor Humphrey good health and a long and productive life in order to continue his work in a field where so much remains to be done.

In closing, I should like to add that occasionally committee members feel frustration or regret—especially when appeals are made directly to them on behalf of the many other prisoners who are not parliamentarians—that their mandate is not as broad as the one originally sought. We can only hope that the appeals we make on behalf of parliamentarians to various countries will have a spillover and beneficial effect for the others who are being unjustly treated or detained.

In this month of December, when we commemorate the fortieth anniversary of the United Nations Declaration of Human Rights, I urge all honourable senators to read the report of the special committee, which was annexed as an appendix to the general report already tabled by Senator Nurgitz.

Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

COMMITTEE OF SELECTION

SECOND REPORT ADOPTED

The Senate proceeded to consideration of the second report of the Committee of Selection (Speaker tempore), presented in the Senate on Wednesday, December 28, 1988.

Hon. Orville H. Phillips: Honourable senators, I move that the report be now adopted.

The Hon. the Speaker: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator MacDonald (Cape Breton), that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Jacques Flynn: On division!

Motion agreed to and report adopted, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Doyle, for an Address to Her Excellency the

Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Doody*). (2nd day of resuming debate).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, once again I will defer to anyone who wishes to speak in reply to the Speech from the Throne; otherwise, this order will stand.

Order stands.

The Senate adjourned until tomorrow at 1 p.m.

APPENDIX "A"

(See p. 74)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF STANDING COMMITTEE

THURSDAY, December 29, 1988

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on December 27, 1988. The said budget is appended to this report.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX

STANDING SENATE COMMITTEE
ON FOREIGN AFFAIRSAPPLICATION FOR BUDGET AUTHORIZATION
FOR THE FISCAL YEAR ENDING 31st MARCH 1989

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*,
Tuesday, December 27, 1988:

"With leave of the Senate,
The Honourable Senator Doody moved, seconded
by the Honourable Senator Chaput-Rolland:

That the Standing Senate Committee on
Foreign Affairs have power to engage the services of

such counsel and technical, clerical and other
personnel as may be necessary for the purpose of its
examination and consideration of such bills, subject-
matters of bills and estimates as are referred to it.

After debate, and --

The question being put on the motion, it was--
Resolved in the affirmative."

CHARLES A. LUSSIER
Clerk of the Senate

Professional and Other Services (including salaries)	\$ 35,654.00
Transportation and Communications	500.00
All Other Expenditures	<u>1,250.00</u>
TOTAL	<u>\$37,404.00</u>

The foregoing budget was approved by the
Committee on the 27th day of December, 1988.

The undersigned or an alternate will be in
attendance on the date that this budget is being
considered.

John B. Stewart
Chairman, Standing Senate Committee on
Foreign Affairs

Date: December 27, 1988

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: December 29, 1988

EXPLANATION OF COST ELEMENTS

Professional and Other Services (Including salaries)

1. <u>1 Advisor</u>	
30 hrs./month @ \$115.00 p.h.	\$3,450.00
<u>1 Advisor</u>	
60 hrs./month @ \$60.00 p.h.	3,600.00
<u>2 Special Advisors</u>	
67 hrs./month @ \$75.00 p.h.	
(rounded)	5,000.00
<u>Secretarial Assistance</u>	
20 hrs./month @ \$19.35 p.h.	387.00
<u>Word-processor Operators</u>	
15 hrs./month @ \$26.00 p.h.	390.00
Total per month	12,827.00
2 months @ \$12,827.00	\$25,654.00

Transportation and Communications

Telegrams and Telephones	-250.00	
Postage, Freight and Courier Service	<u>250.00</u>	500.00

All Other Expenditures

Purchase of Stationery, Books and Periodicals	250.00	
Contingencies	<u>1,000.00</u>	<u>1,250.00</u>

TOTAL		<u>\$37,404.00</u>
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2. Expenses of Witnesses:

Air Transportation (average)	752.80	
Ground Transportation	72.00	
2 days per diem @ \$37.60	75.20	
<u>Hotel accommodation (1 night)</u>	<u>100.00</u>	
Total	1,000.00	
10 Witnesses @ \$1,000.00	<u>10,000.00</u>	\$35,654.00

EXPLANATORY NOTES FOR
INFORMATION PURPOSES ONLY

Budgets approved for the fiscal year 1986-87	\$ 85,570.00
Expenditures	84,118.00
Budgets approved for the fiscal year 1987-88	222,749.00
Expenditures	79,511.00
Budgets approved for the fiscal year 1988-89	203,228.00
Expenditures to December 27, 1988	111,047.40

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Thursday, December 29, 1988

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APPENDIX “B”

Officers of the Senate

The Ministry

Senators

(Listed according to seniority, alphabetically and by provinces)

Committees of the Senate

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEachen, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

CHARLES A. LUSSIER, LL.L.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

GENTLEMAN USHER OF THE BLACK ROD

RENÉ M. JALBERT, C.V., C.D.

LAW CLERK AND PARLIAMENTARY COUNSEL

R. L. DU PLESSIS, Q.C., B.A., LL.L.

THE MINISTRY

According to Precedence

December 29, 1988

The Right Honourable Martin Brian Mulroney	Prime Minister
The Right Honourable Charles Joseph Clark	Secretary of State for External Affairs and Acting Minister of Justice and Attorney General of Canada
The Honourable John Carnell Crosbie	Minister for International Trade
The Honourable Donald Frank Mazankowski	Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture
The Honourable Elmer MacIntosh MacKay	Minister of National Revenue
The Honourable Arthur Jacob Epp	Minister of National Health and Welfare
The Honourable Robert R. de Cotret	Minister of Regional Industrial Expansion and Minister of State for Science and Technology
The Honourable Henry Perrin Beatty	Minister of National Defence and Acting Solicitor General of Canada
The Honourable Michael Holcombe Wilson	Minister of Finance
The Honourable Harvie Andre	Minister of Consumer and Corporate Affairs
The Honourable Otto John Jelinek	Minister of Supply and Services and Acting Minister of Public Works
The Honourable Thomas Edward Siddon	Minister of Fisheries and Oceans
The Honourable Charles James Mayer	Minister of State (Grains and Oilseeds)
The Honourable William Hunter McKnight	Minister of Indian Affairs and Northern Development and Minister of Western Economic Diversification
The Honourable Benoît Bouchard	Minister of Transport
The Honourable Marcel Masse	Minister of Energy, Mines and Resources
The Honourable Barbara Jean McDougall	Minister of Employment and Immigration
The Honourable Gerald Stairs Merrithew	Minister of Veterans Affairs and Minister for the purposes of the Atlantic Canada Opportunities Agency Act
The Honourable Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Honourable Frank Oberle	Minister of State (Science and Technology) and Acting Minister of State (Forestry)
The Honourable Lowell Murray	Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations) and Acting Minister of Communications
The Honourable Paul Wyatt Dick	Associate Minister of National Defence
The Honourable Pierre H. Cadieux	Minister of Labour
The Honourable Jean J. Charest	Minister of State (Youth) and Minister of State (Fitness and Amateur Sport)
The Honourable Thomas Hockin	Minister of State (Finance)
The Honourable Monique Landry	Minister for External Relations
The Honourable Bernard Valcourt	Minister of State (Small Businesses and Tourism) and Minister of State (Indian Affairs and Northern Development)
The Honourable Gerry Weiner	Minister of State (Multiculturalism) and Citizenship
The Honourable Douglas Grinslade Lewis	Minister of State and Minister of State (Treasury Board) and Acting President of the Treasury Board
The Honourable Pierre Blais	Minister of State (Agriculture)
The Honourable Lucien Bouchard	Secretary of State of Canada and Acting Minister of the Environment
The Honourable John Horton McDermid	Minister of State (International Trade) and Minister of State (Housing)
The Honourable Shirley Martin	Minister of State (Transport)

SENATORS OF CANADA

ACCORDING TO SENIORITY

December 29, 1988

Senator	Designation	Post Office Address
THE HONOURABLE		
David A. Croll	Toronto-Spadina	Toronto, Ont.
Hartland de Montarville Molson	Alma	Montreal, Que.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Daniel Aiken Lang	South York	Toronto, Ont.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Toronto, Ont.
Hazen Robert Argue, P.C.	Regina	Kayville, Sask.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
William John Petten	Bonavista	St. John's, Nfld.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
Maurice Riel, P.C.	Shawinigan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Ernest George Cottreau	South Western Nova	Yarmouth, N.S.
Jack Austin, P.C.	Vancouver South	Vancouver, B.C.
Paul Lucier	Yukon	Whitehorse, Yukon.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew Olson, P.C.	Alberta South	Idesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.
Duff Roblin, P.C.	Red River	Winnipeg, Man.
Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface, Man.
Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto, Ont.
Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.

SENATORS—ACCORDING TO SENIORITY

v

Senator	Designation	Post Office Address
THE HONOURABLE		
Dalia Wood.....	Montarville.....	Montreal, Que.
Fernand-E. Leblanc.....	Saurel.....	Montreal, Que.
Reginald James Balfour.....	Regina.....	Regina, Sask.
Lowell Murray, P.C.....	Grenville-Carleton.....	Ottawa, Ont.
Martha P. Bielish.....	Lakeland.....	Warspite, Alta.
Guy Charbonneau (Speaker).....	Kennebec.....	Montreal, Que.
Arthur Tremblay.....	The Laurentides.....	Quebec, Que.
C. William Doody.....	Harbour Main-Bell Island.....	St. John's, Nfld.
Heath Macquarrie.....	Hillsborough.....	Victoria, P.E.I.
Nathan Nurgitz.....	Winnipeg North.....	Winnipeg, Man.
Cyril B. Sherwood.....	Royal.....	Norton, N.B.
Peter Alan Stollery.....	Bloor and Yonge.....	Toronto, Ont.
Peter Michael Pitfield, P.C.....	Ottawa-Vanier.....	Ottawa, Ont.
William McDonough Kelly.....	Port Severn.....	Mississauga, Ont.
Jacques Hébert.....	Wellington.....	Montreal, Que.
Leo E. Kolber.....	Victoria.....	Westmount, Qué.
Philippe Deane Gigantès.....	De Lorimier.....	Montreal, Qué.
John B. Stewart.....	Antigonish-Guysborough.....	Bayfield, N.S.
Michael Kirby.....	South Shore.....	Halifax, N.S.
Jerahmiel S. Grafstein.....	Metro Toronto.....	Toronto, Ont.
Anne C. Cools.....	Toronto Centre.....	Toronto, Ont.
Charlie Watt.....	Inkerman.....	Kuujuuaq, Qué.
Lorna Marsden.....	Toronto-Taddle Creek.....	Toronto, Ont.
Leonard Stephen Marchand, P.C.....	Kamloops-Cariboo.....	Kamloops, B.C.
Daniel Phillip Hays.....	Calgary.....	Calgary, Alta.
Joyce Fairbairn.....	Lethbridge.....	Lethbridge, Alta.
Colin Kenny.....	Rideau.....	Ottawa, Ont.
Pierre De Bané, P.C.....	De la Vallière.....	Montreal, Que.
Allan Joseph MacEachen, P.C.....	Highlands-Canso.....	R. R. 1, Whycocomagh, N.S.
Roméo LeBlanc, P.C.....	Beauséjour.....	Grand-Digue, N.B.
Eymard Georges Corbin.....	Grand-Sault.....	Grand-Sault, N.B.
Thomas Henri Lefebvre.....	De Lanaudière.....	Davidson, Que.
Charles Robert Turner.....	London.....	London, Ont.
Finlay MacDonald.....	Halifax.....	Halifax, N.S.
Brenda Mary Robertson.....	Riverview.....	Shediac, N.B.
Efstathios William Barootes.....	Regina-Qu'Appelle.....	Regina, Sask.
Richard J. Doyle.....	North York.....	Toronto, Ont.
Paul David.....	Bedford.....	Montreal, Que.
Jean-Maurice Simard.....	Edmundston.....	Edmundston, N.B.
Michel Cogger.....	Lauzon.....	West Brome, Que.
Norman K. Atkins.....	Markham.....	Markham, Ont.
Ethel Cochrane.....	Newfoundland.....	Port au Port, Nfld.
Eileen Rossiter.....	Prince Edward Island.....	Charlottetown, P.E.I.
Mira Spivak.....	Manitoba.....	Winnipeg, Man.
Jean Bazin.....	De la Durantaye.....	Montreal, Que.
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Roch Bolduc.....	Golfe.....	Ste. Foy, Que.
Solange Chaput-Rolland.....	Mille Isles.....	Montreal, Que.
Jean-Marie Poitras.....	De Salaberry.....	Quebec, Que.
Gérald-A. Beaudoin.....	Rigaud.....	Hull, Que.

SENATORS OF CANADA

ALPHABETICAL LIST

December 29, 1988

Senator	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Anderson, Margaret Jean	Northumberland-Miramichi	Newcastle, N.B.
Argue, Hazen, P.C.	Regina	Kayville, Sask.
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Atkins, Norman K.	Markham	Markham, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barootes, Efsthathios William	Regina-Qu'Appelle	Regina, Sask.
Bazin, Jean	De la Durantaye	Montreal, Que.
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Bielish, Martha P.	Lakeland	Warspite, Alta.
Bolduc, Roch	Golfe	Ste. Foy, Que.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Chaput-Rolland, Solange	Mille Isles	Montreal, Que.
Charbonneau, Guy (Speaker)	Kennebec	Montreal, Que.
Cochrane, Ethel	Newfoundland	Port au Port, Nfld.
Cogger, Michel	Lauzon	West Brome, Que.
Cools, Anne C.	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Cottreau, Ernest G.	South Western Nova	Yarmouth, N.S.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Toronto, Ont.
David, Paul	Bedford	Montreal, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montreal, Que.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Frith, Royce	Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montreal, Qué.
Grafstein, Jerahmiel S.	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Guay, Joseph-Philippe, P.C.	St. Boniface	St. Boniface, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montreal, Que.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo E.	Victoria	Westmount, Qué.

SENATORS—ALPHABETICAL LIST

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Senator	Designation	Post Office Address
THE HONOURABLE		
Lang, Daniel A.	South York	Toronto, Ont.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Idesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Poitras, Jean-Marie	De Salaberry	Quebec, Que.
Riel, Maurice, P.C.	Shawinigan	Westmount, Que.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Sherwood, Cyril B.	Royal	Norton, N.B.
Simard, Jean-Maurice	Edmundston	Edmundston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard J.	York Centre	Toronto, Ont.
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Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujuuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.

SENATORS OF CANADA

BY PROVINCE

December 29, 1988

ONTARIO—24

Senator	Designation	Post Office Address
THE HONOURABLE		
1 David A. Croll.....	Toronto-Spadina.....	Toronto.
2 David James Walker, P.C.....	Toronto.....	Toronto.
3 Rhéal Bélisle.....	Sudbury.....	Sudbury.
4 Daniel Aiken Lang.....	South York.....	Toronto.
5 Douglas Keith Davey.....	York.....	Toronto.
6 Andrew Ernest Thompson.....	Dovercourt.....	Kendal.
7 Richard James Stanbury.....	York Centre.....	Toronto.
8 Joan Neiman.....	Peel.....	Caledon East.
9 Royce Frith.....	Lanark.....	Perth.
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11 Stanley Haidasz, P.C.....	Toronto-Parkdale.....	Toronto.
12 Lowell Murray, P.C.....	Grenville-Carleton.....	Ottawa.
13 Peter Alan Stollery.....	Bloor and Yonge.....	Toronto.
14 Peter Michael Pitfield, P.C.....	Ottawa-Vanier.....	Ottawa.
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16 Jerahmiel S. Grafstein.....	Metro Toronto.....	Toronto.
17 Anne C. Cools.....	Toronto Centre.....	Toronto.
18 Lorna Marsden.....	Toronto-Taddle Creek.....	Toronto.
19 Colin Kenny.....	Rideau.....	Ottawa.
20 Charles Robert Turner.....	London.....	London.
21 Richard J. Doyle.....	North York.....	Toronto.
22 Norman K. Atkins.....	Markham.....	Markham.
23 .....	.....	.....
24 .....	.....	.....

QUEBEC—24

Senator**Electoral Division****Post Office Address****THE HONOURABLE**

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3	Azellus Denis, P.C.	La Salle	Montreal.
4	Martial Asselin, P.C.	Stadacona	La Malbaie.
5	Maurice Riel, P.C.	Shawinigan	Westmount.
6	Pietro Rizzuto	Repentigny	Laval sur le Lac.
7	Dalia Wood	Montarville	Montreal.
8	Fernand-E. Leblanc	Saurel	Montreal.
9	Guy Charbonneau (Speaker)	Kennebec	Montreal.
10	Arthur Tremblay	The Laurentides	Quebec.
11	Jacques Hébert	Wellington	Montreal.
12	Leo E. Kolber	Victoria	Westmount.
13	Philippe Deane Gigantès	De Lorimier	Montreal.
14	Charlie Watt	Inkerman	Kuujuuaq.
15	Pierre De Bané, P.C.	De la Vallière	Montreal.
16	Thomas Henri Lefebvre	De Lanaudière	Davidson.
17	Paul David	Bedford	Montreal.
18	Michel Cogger	Lauzon	West Brome.
19	Jean Bazin	De la Durantaye	Montreal.
20	Roch Bolduc	Golfe	Ste. Foy.
21	Solange Chaput-Rolland	Mille Isles	Montreal.
22	Jean-Marie Poitras	De Salaberry	Quebec.
23	Gérald-A. Beaudoin	Rigaud	Hull.
24	.....	.....	.....

SENATORS BY PROVINCE—MARITIME DIVISION

NOVA SCOTIA—10

Senator	Designation	Post Office Address
THE HONOURABLE		
1 John Michael Macdonald.....	Cape Breton	North Sydney.
2 Henry D. Hicks	The Annapolis Valley.....	Halifax.
3 Bernard Alasdair Graham	The Highlands	Sydney.
4 Ernest George Cottreau	South Western Nova	Yarmouth.
5 Robert Muir	Cape Breton-The Sydneys	Sydney Mines.
6 John B. Stewart.....	Antigonish-Guysborough.....	Bayfield.
7 Michael Kirby.....	South Shore.....	Halifax.
8 Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh.
9 Finlay MacDonald	Halifax	Halifax.
10

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3 Margaret Jean Anderson.....	Northumberland-Miramichi	Newcastle.
4 L. Norbert Thériault	Baie du Vin	Baie Ste-Anne.
5 Cyril B. Sherwood.....	Royal	Norton.
6 Roméo LeBlanc, P.C.	Beauséjour.....	Grand-Digue.
7 Eymard Georges Corbin.....	Grand-Sault	Grand-Sault.
8 Brenda Mary Robertson.....	Riverview.....	Shediac.
9 Jean-Maurice Simard	Edmundston	Edmundston.
10

PRINCE EDWARD ISLAND—4

THE HONOURABLE		
1 Orville Howard Phillips.....	Prince.....	Alberton.
2 Mark Lorne Bonnell	Murray River	Murray River.
3 Heath Macquarrie	Hillsborough	Victoria.
4 Eileen Rossiter	Prince Edward Island	Charlottetown.

MANITOBA—6

Senator	Designation	Post Office Address
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THE HONOURABLE

1 Douglas Donald Everett	Fort Rouge	Winnipeg.
2 Gildas L. Molgat	Ste. Rose	St. Vital.
3 Duff Roblin, P.C.	Red River	Winnipeg.
4 Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface.
5 Nathan Nurgitz	Winnipeg North	Winnipeg.
6 Mira Spivak	Manitoba	Winnipeg.

BRITISH COLUMBIA—6

THE HONOURABLE

1 Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2 Edward M. Lawson	Vancouver	Vancouver.
3 George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4 Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
5 Jack Austin, P.C.	Vancouver South	Vancouver.
6 Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops.

SASKATCHEWAN—6

THE HONOURABLE

1 Hazen Robert Argue, P.C.	Regina	Kayville.
2 Herbert O. Sparrow	Saskatchewan	North Battleford.
3 Sidney L. Buckwold	Saskatoon	Saskatoon.
4 David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5 Reginald James Balfour	Regina	Regina.
6 Efstathios William Barootes	Regina-Qu'Appelle	Regina.

ALBERTA—6

THE HONOURABLE

1 Earl Adam Hastings	Palliser-Foothills	Calgary.
2 Horace Andrew Olson, P.C.	Alberta South	Iddesleigh.
3 Martha P. Bielish	Lakeland	Warspite.
4 Daniel Phillip Hays	Calgary	Calgary.
5 Joyce Fairbairn	Lethbridge	Lethbridge.
6 .....	.....	.....

SENATORS BY PROVINCE

NEWFOUNDLAND—6

Senator	Designation	Post Office Address
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THE HONOURABLE

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2 Philip Derek Lewis	St. John's	St. John's.
3 Jack Marshall	Humber-St. George's-St. Barbe....	Corner Brook.
4 C. William Doody	Harbour Main-Bell Island	St. John's.
5 Ethel Cochrane	Newfoundland	Port au Port.
6 Gerald R. Ottenheimer	Waterford-Trinity	St. John's.

NORTHWEST TERRITORIES—1

THE HONOURABLE

1 Willie Adams	Northwest Territories	Rankin Inlet.
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YUKON TERRITORY—1

THE HONOURABLE

1 Paul Lucier	Yukon	Whitehorse.
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ALPHABETICAL LIST OF STANDING, SPECIAL AND JOINT COMMITTEES

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(As of December 29, 1988)

**Ex Officio Member*

COMMITTEE OF SELECTION

**Chairman: Hon. Senator Phillips
and Hon. Senators**

Corbin, Denis, Doody, Frith,	Macdonald (Cape Breton), *MacEachen (or Frith),	McElman, *Murray (or Doody),	Nurgitz, Petten.
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FOREIGN AFFAIRS

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(Antigonish-Guysborough)
and Hon. Senators**

Deputy Chairman: Hon. Senator Bazin

Bosa, Beaudoin, Doyle, Fairbairn, Frith,	Hays, Kelly, LeBlanc (Beauséjour),	*MacEachen (or Frith), *Murray (or Doody),	Nurgitz, Stollery.
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INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

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Deputy Chairman:

Barootes, Bolduc, Corbin, Frith, Guay,	Hastings, Kelly, Lefebvre, Lewis,	*MacEachen (or Frith), Marchand, McElman, *Murray (or Doody),	Petten, Phillips, Rossiter, Wood.
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SPECIAL COMMITTEE ON NATIONAL DEFENCE

**Chairman:
and Hon. Senators**

Deputy Chairman:

Balfour, Bonnell, Buckwold, Doyle, Gigantès,	Hicks, Lewis, *MacEachen (or Frith),	Marshall, McElman, Molgat, Molson,	*Murray (or Doody), Roblin.
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**Senator Lowell Murray, P.C., and Senator Allan J. MacEachen, P.C.—Ex Officio Members of all Standing Committees of the Senate*



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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

FRIDAY, DECEMBER 30, 1988

FOREIGN AFFAIRS

(In Camera)

256-S 10:00 a.m.

*Bill C-2, An Act to implement the Free Trade Agreement
between Canada and the United States of America*

FRIDAY, DECEMBER 30, 1988 (Cont.)

NATIONAL DEFENCE

356-S 12:15 p.m.

- 1. Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting;*
- 2. Discussion of future business of the Committee*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



CANADA

Debates of the Senate

1st SESSION • 34th PARLIAMENT • VOLUME 132 • NUMBER 7

OFFICIAL REPORT
(HANSARD)

Friday, December 30, 1988



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Friday, December 30, 1988

The Senate met at 1 p.m., the Speaker in the Chair.

Prayers.

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX
AND ADOPTED

Hon. John B. Stewart: Honourable senators, I have the honour to present the first report of the Standing Senate Committee on Foreign Affairs respecting the examination of Bill C-2, to implement the Free Trade Agreement between Canada and the United States of America.

I ask that this report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report see appendix, p. 100.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Stewart: Honourable senators, in considering Bill C-2, which will change the statutory law of Canada in conformity with the terms of the Free Trade Agreement between Canada and the United States of America, the Standing Senate Committee on Foreign Affairs was mindful of several facts.

First, on November 21, 1988, the people of Canada elected a House of Commons in which the majority favoured the implementation of the Free Trade Agreement. Bill C-2 is virtually the same as Bill C-130, which was passed by the House of Commons on August 31, 1988, in the Thirty-Third Parliament. Moreover, the committee received Bill C-2 only on Tuesday, December 27, while the implementation date under the agreement is January 1, 1989. Those facts pointed to the conclusion that the committee should not propose amendments to the bill, even though some members of the committee believe that, on the merits, major amendments are highly desirable.

Second, the committee saw that the proclamation of this new statute and the first deluge of regulations necessary for the performance of the obligations undertaken by the Government of Canada, although of very great importance, are only early steps in the long, complicated process begun by the President of the United States and the Prime Minister a year ago. This realization led the committee to decide to focus its work on certain matters which must be dealt with successfully by the government in the months and years now before us if the Free Trade Agreement is to have any chance of being beneficial for most Canadians.

As its report shows, in the limited time available this week the committee dealt chiefly with five matters. Those matters are: problems caused for Canadian farmers and food processors by the Free Trade Agreement; problems which will arise because of the limitations, accepted by Canada on any future attempts to maintain a secure supply of energy for Canadians; the implications of the terms of the agreement dealing with the temporary admission into Canada of business people and others to take up employment here; the prospects for an outcome satisfactory to Canadians, particularly Canadian export industries, of the negotiations on subsidies; and the plans of the government for special measures to alleviate hardships caused to companies and their employees, to towns and regions, and to provinces by reason of changes caused by the Free Trade Agreement.

Honourable senators, this is a unanimous report. As the record shows, some members did not participate in the vote to carry the clauses of the bill. In the third paragraph on the first page of the report, which begins with the words, "From the testimony heard", the committee provides a summary of its views on each of the five specific matters to which I have already referred. Honourable senators will notice that the views set forth in that one paragraph are attributed only to a majority of the members of the committee.

Both the Honourable John Crosbie and the Honourable Barbara McDougall were ready to come before the committee. However, given the facts, first, that the committee does not see the enactment of Bill C-2 as terminating the process of implementing the Free Trade Agreement and, second, that the committee is recommending in this report that it be authorized to monitor and report on the implications and application of the agreement, it was decided that it would be more fruitful to hear the ministers at some time in the future, when Canadians have had some experience with the consequences of the Free Trade Agreement, the new statute law and the regulations.

On behalf of the committee I want to tell honourable senators that we appreciated greatly the efforts of the witnesses who came before the committee and who were most

helpful. It was service beyond the call of normal duty between Christmas and the New Year. I personally want to thank the members of the committee for their cooperation.

Some Hon. Senators: Hear, hear!

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that this bill be read the third time now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Raymond J. Perrault: Honourable senators, this is a momentous day for Parliament. Perhaps in the history of Canada, this represents one of the most important initiatives ever undertaken by a government and considered and debated by Parliament.

I should like to be able to say that I welcome this measure with rapturous joy, but I am not. I think we would all feel better had this measure received a much stronger endorsement in the recent national election. I come from a province where over 60 per cent of the people voted against the government, primarily because of the trade initiatives represented in this measure.

● (1310)

Senator Denis: You are not alone!

Senator Perrault: I could not remain silent in my place without expressing my concerns on behalf of the people of my province who are gravely worried about the ultimate implications of this measure as far as their welfare is concerned.

Mr. Reisman came to British Columbia a few weeks ago and he said, in effect, that, in retrospect, he thought it would have been better if we had been tougher with the Americans and we had been able to negotiate out of this 15 per cent impost against softwood lumber in the province of British Columbia and in other provinces. He regretted that we were not able to do it, but we had had to put something on the table.

British Columbia derives 50 per cent of its income from our forest industry, and it is an important element in many other economies in other provinces across the country. The federal government collected \$423 million under a special export tax on softwood lumber headed for U.S. markets during 1987 and the first three months of 1988. That \$423 million impost was a punitive measure demanded by the U.S. and aimed against the softwood lumber industry of Canada, without any kind of rationale behind it. The impost is enshrined forever in our trade relations with the United States. We could have won

remission had we fought more strenuously to eliminate this unfair burden on certain provinces of this country.

A few weeks ago I asked one person in the forest industry why he supports this trade deal, when it looks as though we are not going to be able to extricate ourselves from this 15 per cent impost. He said, "Frankly, we are afraid that, if we do not support it, we are going to get something worse." What a reason to support a measure—"If we do not vote for it, we are going to get something worse!"

Yes, and President Reagan said the other day that he has decided to maintain the tariff on Canadian cedar shakes and shingles, which is another measure aimed at an important sector of the industry in Canada. Free trade? This is not the definition of free trade that I have supported for years. We may have a free trade deal in words, but in actual fact it does not mean anything so far as certain industries are concerned.

Members of this chamber and the other place have talked in terms of implementing the findings of the Macdonald commission on Canada's economy. The Honourable Donald Macdonald has been cited as a great supporter of this trade deal. I hope that senators read the article in the *Globe and Mail* a few days ago by Mr. J. G. Godsoe, the Halifax lawyer who was executive director of the Macdonald commission on Canada's economy. He came out against the Free Trade Agreement and said that this was not the trade deal recommended by the Macdonald commission; there are serious omissions.

Honourable senators, we talk in terms of the skills of our negotiating team and how our canny Canadian negotiating team outmaneuvered the Americans. Mr. Reisman has said on more than one occasion that some of the Americans did not know what they were doing.

In the October 22, 1987, edition of *The Toronto Star* there was a story, which was also carried in other publications, saying that Clayton Yeutter, the U.S. trade representative with a reputation for insensitivity towards Canada, is reported to have boasted to top American officials that Canada emerged the big loser in the negotiations. He is quoted as follows:

The Canadians don't understand what they have signed. In 20 years, they will be sucked into the U.S. economy. So-called "knowledgeable" U.S. sources quoted Yeutter as telling senior treasury department officials that these remarks were made after the free-trade deal was reached earlier this month. (*October, 1987*)

Yeutter allegedly made the remark in the so-called "heady hours immediately following the marathon two-day negotiating session that produced the final agreement". Of course, ultimately Yeutter denied making such comments. He said, "They are absolutely false. They represent the exact opposite of my thinking." However, to quote the *Star*, "the U.S. sources, who asked not to be named, are considered impeccable. They were heavily involved in the talks, are extremely close to the U.S. Treasury Secretary, James Baker, and were privy to confidential conversations and documents."

The report has never been officially denied by the U.S. government.

Honourable senators, there are valid concerns about the deal. Yet some of those who have opposed this deal have been accused of traitorous conduct. Somehow they are seen as acting against the best interests of Canada, yet perhaps they have a right to feel concerned.

Honourable senators, this is what the Right Honourable Brian Mulroney said about free trade in 1987:

It's terrific until the elephant twitches, and if it ever rolls over, you're a dead man . . .

This country could not survive with a policy of unfettered free trade. I'm all in favour of eliminating unfair protectionism, where it exists. This is a separate country. We'd be swamped. We have in many ways a branch-plant economy, in many ways, in certain important sectors. All that would happen with that kind of concept would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It's bad enough as it is . . .

We have never had an explanation from Mr. Mulroney about his incredible reversal of position, which took place within a few weeks of his attaining the office of Prime Minister of this country. No wonder Canadians are concerned!

The Minister of Finance has said:

Bilateral free trade with the United States is simplistic and naive. It would only serve to further diminish our ability to compete internationally.

In recent years spokesman after spokesman for the Conservative Party has opposed this agreement as being absolutely contrary to Canadian national interests. Perhaps Canadians have a right to feel concerned. Honourable senators, I quote from a book entitled "The Discipline of Power", which was written by George Ball, the former U.S. Undersecretary of State:

Canada, I have long believed, is fighting a rearguard action against the inevitable. Living next to our nation, with a population ten times as large as theirs and a gross national product fourteen times as great, the Canadians recognize their need for United States' capital; but at the same time they are determined to maintain their economic and political independence. Their position is understandable—

graciously says Mr. Ball,—

and their desire to maintain their national integrity is a worthy objective. But the Canadians pay heavily for it, and over the years, I do not believe they will succeed in reconciling the intrinsic contradictions of their position . . . The struggle is bound to be a difficult one—and I suspect, over the years, a losing one.

Senator Murray: When did he say that?

Senator Perrault: He made that statement in 1968.

Senator Doody: As recently as that!

[Senator Perrault.]

Senator Perrault: But it is consistent with statements made by representatives of the United States over the years, up to and including the eighties.

Honourable senators, during the last election campaign I received a letter from a businessman in Washington, D.C., who works for a multinational corporation. In that letter he said, "Senator, I used to vote for you years ago." That may reflect upon his judgment—

Senator Doody: That may reflect upon his memory!

Senator Perrault: —but he went on to say that he interfaces with American senators and congressmen and, to a man, it is their view that the Free Trade Agreement, particularly the energy sector of it, is the best piece of U.S. negotiating ever undertaken. They claim that within two years the balance of trade in Canada's favour will be totally and massively reversed. He said, "All I want you to do is write me and reassure me that that is not true."

Honourable senators, there is good reason for Canadian concern. I for one hope that this deal works out well for the country. I did not come here today to be negative about it, but Canadians who have opposed this agreement have real and realistic concerns. Honourable senators, I have never received more mail on any subject than I have received in recent weeks on this trade deal—all from concerned Canadians.

Mr. Reisman, again in one of his frequent press conferences, said that, in retrospect, it would have been better to have included a special section on the subject of social services—medical insurance, hospital care and so on. Yes, we should have done that. Before this measure came to the Senate for final passage we should have received from the government an assurance that certain amendments to this agreement would be made. That would have reassured Canadians on points of concern.

• (1320)

I can only say that, if there is vast misunderstanding in the country and a general lack of knowledge about the trade deal, the blame rests solely with the government.

I would remind senators of the report made public on September 20, 1985. The contents of certain documents were made public at that time. They were prepared in the Prime Minister's Office under the direction of William Fox, Press Secretary to the Prime Minister, and the task force included senior bureaucrats such as Peter Daniel, then Director General of Communications in the Department of Finance at that time. The program called for the Prime Minister to focus exclusively on the possible benefits of free trade. It called on him to avoid mentioning possible job losses.

I shall not go through them, but I have before me public reports of the job losses that have occurred so far, attributable in very large measure to the imminence of the free trade deal.

Back to the communication strategy: It called on the Prime Minister to avoid mentioning possible job losses. It called on him to discredit Liberal and New Democrat MPs who raised concerns about the free trade negotiations and to isolate groups opposed to the pending trade talks. It showed that the

Prime Minister was extremely worried about how the Ontario government reacted, suggesting any sustained opposition "could jeopardize national support" for the talks.

I should like to quote from the document.

It is likely that the higher the profile the issue obtains, the lower the degree of public approval will be.

The document went on to say:

The strategy should rely less on educating the general public than on getting across the message that the trade initiative is a good idea. In other words, a selling job.

Honourable senators, it is no wonder that 70 per cent of the Canadian people today admit that they do not understand the trade deal. The Conservative information operation was designed to keep public interest at a low level to avoid the forming of any coalition of groups opposing free trade; they were not successful.

As the paper said, and again I quote from it:

Benign neglect from a majority of Canadians may be the realistic outcome of a well-executed (Conservative) communications program. In these circumstances, it appears that the best strategy for the Government is to adopt a low profile approach to the general public while dealing with the specific concerns of interest groups on an individual basis.

The memorandum expressed the hope that Canadians would become bored with the free trade issue and leave it in Ottawa's hands; otherwise, it was feared that public opinion would shift dramatically.

I should like to quote again from the report, and this is exactly the strategy, Mr. Leader of the Government, that you and your colleagues followed:

The public support generated should be recognized as extremely soft and likely to evaporate rapidly if the debate is allowed to get out of control so as to erode the central focus of the message. At the same time, a substantial majority of the public may be willing to leave the issue in the hands of the Government and other interested groups if the Government maintains communications control of the situation.

The whole operation has been designed to keep the Canadian people in ignorance with respect to the details of this trade deal. How can one explain the failure of a parliamentary committee going to all provinces before this measure became law? It is all right to say that there were committee hearings on free trade; they were general. We wanted, and we should have had, parliamentary committee hearings—public hearings—from coast to coast on the details of this measure, giving equal time to the opposition and those who support the idea.

Instead, there was a deliberate attempt to muzzle the opportunity for Canadians to speak out and to appear before the committee. As a British Columbian, I resent that fact. The only hearings held were held in Ottawa. I wonder if the Leader of the Government understands how much it costs to get from British Columbia to Ottawa to express one's outrage or sup-

port for a proposed government measure. Of course, most of the committee hearings were held in the heat of summer when people were away on holiday. There was a carefully selected list of witnesses. This was information control of the worst kind, and it is not to the credit of the government.

With regard to the use of closure, closure has been used like a bludgeon in this parliamentary debate. One writer said that John Diefenbaker will be twirling in his grave because of the misuse of closure in this discussion. The use of closure and the restricted parliamentary debate on the trade deal are entirely consistent, however, with the Conservatives' communication strategy, to which I referred a few moments ago. How else can one explain the fact that the most important economic measure ever to be proposed in this country was debated for a scandalously short time prior to the election? Before the election the Commons had spent only 14 or 15 days dealing with the trade proposals. One of the members said, "We've spent more time discussing the federal tax on dog food than we have on this measure."

We call that enlightened democracy? When Britain went into the European Common Market, it took about six years, and they ultimately had a referendum to decide whether or not the people approved of it. You mention "referendum" in this Parliament and the government members express outrage and fright that the system might become "riddled with democracy".

In the other place closure was used four times in recent days. What was the explanation by the Leader of the Government in the other place? Well, he said, "There have not been too many editorials about our use of closure. We haven't had too many phone calls from the people out there"—all Christmas shopping, of course—"so we will keep on using closure just as long as we can until people start protesting."

The *Globe and Mail*—and one of our honourable senators used to be with the *Globe and Mail*, that great Tory journal of national thought and opinion—what did it say about closure and free speech in Parliament? When a previous measure came to the Senate in 1956, an editorial in the *Globe and Mail* stated:

Are the senators merely, as sometimes claimed, political pensioners? Are they just serving time? If so, they will do as the Government wishes them to do. They will rush the bill through with little or no discussion so that it can have Royal Assent by the Government's target date, June 7.

That is exactly what this government has asked Parliament to do in both chambers. The *Globe and Mail* stated that the senators had a right to stand up where the national and regional interest was at stake and present the concerns and views of the people.

Yet, in the other place, Mr. Crosbie accused our opposition leader of being traitorous in his insistence that the Senate duly consider this measure.

An Hon. Senator: Shame!

Senator Perrault: He was attacked by the Prime Minister, who accused the Senate of holding it up; it was suggested that we had no valid role. If ever the Senate had a role to slow down passage of a bill, and to ensure that all aspects of this trade deal were discussed, it was in this instance.

On May 24, 1956, the *Globe and Mail* went on to say:

But if they take their powers and responsibilities seriously, if they seek to perform the function the Upper House was created to perform, they will refuse to jump through—

the government's hoop.

Senator Dood: What was the date on that?

Senator Perrault: That article appeared in the great Conservative *Globe and Mail* in 1956.

Mr. Stanfield had another quotation along the same lines. He said:

Closure is not applied against the Opposition. It is directed against Parliament as a whole, and when its use is in such form as makes a mockery of Parliament and when Government supporters abandon their prerogatives as representatives of the people, there are no voices left but those in Opposition to speak for freedom.

So much for the Conservative-Lewis tactic in the other place. Closure has never been used on a scale in Canada the way it is being used now. It is time for some of our opinion leaders to recognize just how bad the situation really is. Talk about John Diefenbaker and his condemnation of closure!

Here was a rare and significant opportunity for Parliament, in conjunction with the communications industry, to help educate the Canadian people about a major, new, national policy initiative which would touch upon their lives and the lives of their children. Instead, the government chose another course: concealment, limitation of debate, the use of closure, and, in conjunction with the free trade advocacy groups, a massive misuse of millions of dollars to affect the outcome of the recent election.

During the election campaign I had a call from one businessman in British Columbia protesting to me about the inordinate demands being made upon him to support what was described as "one last push to victory for the Conservative Party". He was asked for several, "bonus", thousands of dollars to support one of the groups advocating free trade, and, in effect, the Conservative campaign.

Honourable senators, it will be my firm intention to introduce a bill in this chamber to end this kind of sly, unprincipled, shattering of the election spending rules, whether it is by one party or any of the parties. Technically, the activities of the advocacy groups may be legal, but they defeat the very purpose of our efforts to achieve fairness and equity in the matter of campaign funding, and they certainly offend the concept of fair play. Indeed, the limitation of spending by advocacy groups during a campaign period and the limitation of public-opinion polling during elections are two reforms badly needed in this country. I will do my best either to initiate or to support actions in both areas.

[Senator Perrault.]

More than a few people have said to me, "The attacks on your leader during the election campaign make me wonder how they can allow language like that to be spoken in Parliament." My reply to them is, "Of course we would not allow language like that in Parliament!" You cannot get up in Parliament and accuse another member of being a traitor or a liar. But that is what the Conservative Party did in its last bunker attempt to save the election—it used language that could not have been used in this chamber, paid for by the massive amount of dollars poured into the propaganda coffers from all across the country.

● (1330)

The attacks on the Liberal leader and the language used in those attacks by the Conservative Party during the campaign were a shame to the system. Any senator who stood in his place in this chamber and accused another senator of treason, of disloyalty or lying would be asked to withdraw such remarks or he or she would be asked to withdraw from the chamber. I am wondering whether the Conservative Party is really proud of its campaign performance and, for example, its attempt to pit Ontario against Quebec in the trade deal dialogue. Honourable senators opposite know that happened.

There were Conservative Party representatives present at the Republican Convention earlier this year. It would have been good for Canada if they had brought back with them something in the way of constructive policies instead of political dirty tricks.

In recent months the opposition members in this chamber have sustained a great deal of abuse. Accusations of obstructionism have been screamed at us by the Prime Minister and a number of his colleagues. To say the least, their target-shooting has been wildly erratic. I shall never forget the occasion when, a few weeks ago, the Prime Minister accused the Senate of delaying the passage of the child care bill, when, at the time of his outraged denunciation, the bill had not even arrived in the Senate! Perhaps that was his version of "anticipating trouble". No matter; the tactic was part of the great governmental political smear against the Senate.

Honourable senators, it is to be hoped that in time the government will understand that the Senate has a responsibility to the regions of Canada, and particularly where a major issue is involved that could alter profoundly the very nature of the nation. We have a particular responsibility to raise the profile of an issue so that public opinion can be alerted and the necessary actions taken and questions raised before that proposed measure becomes law.

In my view, and in the view of most Canadians, the Senate has acted reasonably and responsibly in recent months, during this entire trade deal dialogue and controversy. We had an absolute responsibility to sound warnings and concerns, and this report contains, in essence, the Senate's concerns about the measure. We were right in delaying the passage of the implementing legislation until an election was called.

Honourable senators, having said all of that, I hope that the measure works well for Canada. I hope that it is advantageous

not only for the region in which I live but for every other region of the country. I hope that the government, in the spirit of conciliation which the Prime Minister pledged after the election, will report regularly to Parliament with respect to the harmonization negotiations and the other free trade negotiations that will take place in the coming years. This is absolutely essential for the nation and if we are to heal some of the wounds which were inflicted in recent months, and particularly during the campaign.

Some Hon. Senators: Hear, hear!

Hon. Peter A. Stollery: Honourable senators, I should like to make a few remarks before this agreement passes into history in this chamber. First, I must say that I am not a person who is opposed to freer trade or to expanding Canada's trade possibilities. When the Macdonald commission issued its report, I read that report and found it very interesting. I say that because the Macdonald commission report has been used very much as an intellectual basis for this Free Trade Agreement.

One of the characteristics of the word "skepticism", according to my *Webster's Dictionary of Discriminated Synonyms*, is that the word refers to something proposed for belief. The Free Trade Agreement debate has really all been about belief, and belief, of course, implies strong elements of "in spite of the facts".

Honourable senators, I have served on the Standing Senate Committee on Foreign Affairs ever since this debate started, and one of the beliefs that has been referred to—what I might call the original belief—is that we require the Free Trade Agreement with the United States because of rising U.S. protectionism. That belief was first stated in the Macdonald report in a way that gives it some substance. However, the fact is that, no matter how well the Canadian authorities attempted to pick witnesses for our Senate Foreign Affairs Committee when we visited Washington, only the Canadian ambassador said that there was rising U.S. protectionism. Every U.S. witness was surprised at that notion. Mr. Julius Katz, the distinguished former Assistant Secretary of State for Economic and Business Affairs, characterized that intellectual basis, the view that there was broad support in the United States generally and in Congress specifically for protectionist trade policies, as a gross mischaracterization. I think it is important that we understand that point. All the witnesses we heard who were from the United States and were in favour of free trade agreed that protectionism was, if anything, on the decline in the United States. At one point Mr. Katz said that he believed that Congressman Gephardt's failure in his run for the Democratic leadership resulted from having chosen the wrong issue, which was protectionism. So the belief and the fact on that basic reason for the necessity of the Free Trade Agreement are very much apart.

Another belief, based again on the Macdonald commission report, that is very current is the need for something to resolve the issue of non-tariff barriers, and more and more this need has been put forth as the reason for a special binational agreement with the Americans. That reasoning, which has

been repeated time and again, can be found in chapters five and six of the Royal Commission on the Economic Union and Development Prospects for Canada. In that same volume of the Macdonald commission report it is stated, on page 296, under "Conclusions":

Commissioners believe that multilateral trade negotiations under the GATT should remain a central theme of Canadian trade policy.

The fact is that that has not happened, and I will come back to this point in just a moment. This point revolves around the dispute-settlement mechanism, which your committee looked at in great detail, both in Washington and in Canada. The flaws in the dispute-settlement mechanism were discussed by the committee with Congressman Gibbons, who has been the leading U.S. political figure in this matter, in Washington. Congressman Gibbons made the chilling reality very clear in his discussions with the committee. As you all know, the dispute-settlement mechanism is fairly complex. However, it has flaws and everyone agrees that it has flaws. Congressman Gibbons said that, if Canada were not satisfied, then could invoke the six-month cancellation clause.

• (1340)

Honourable senators, I have not made up my own mind whether it will ever be possible for Canada to invoke the six-month cancellation clause, but many knowledgeable Canadians say that it will be impossible for us ever to do that because of the obvious change that will have taken place in a significant number of Canadian producing-exporting industries, adapting themselves to this Free Trade Agreement. Congressman Gibbons tells us that, if we are not satisfied with a ruling or with something that will happen to us in the future, this is what it boils down to: We will have to invoke something that will be much easier for the Americans to invoke, because, as trading partners, we are much less important to them than they are to us. Any negotiator can understand that the six-month cancellation clause in an agreement between two very unequal trading partners is an out. It is something to be used much more easily by the stronger trading partner than by the weaker trading partner.

In committee yesterday we had even more interesting information on the question of the dispute-settlement mechanism, which is the guts of this agreement, and all that it entails. An expert witness, Mr. Mel Clark, informed the committee that, although the agreement gives the impression that if we now have a dispute with the United States we can opt for either the GATT dispute-settlement procedure, which has worked very well for us and is inexpensive, or the new Free Trade Agreement procedure, which involves U.S. lawyers and may be very expensive. The agreement is laced with these unstated facts on situations that none of us could ever know about unless we were specialists in a very large number of areas.

As Mr. Clark explained to us, since 1949 GATT has had a policy of not intervening in disputes between parties to a binational agreement so that the references in the agreement to the fact that Canada still has an option are simply not right. The agreement reduces our options. It takes options away from

us. It takes the option of the dispute-settlement procedure of the General Agreement on Tariffs and Trade away from us and replaces it, but it does not stipulate that it is doing so. This can be directly related to the advice of the Macdonald commission, which was that Canada should maintain GATT as its principal international agreement.

Honourable senators, the agreement is filled with these secret corners, and I must say that I concur with the observations of Senator Perrault about the speed with which this fundamental change in our trading approach—the one that we have developed since the end of World War II—is being rushed through Parliament. Here we are at almost two o'clock on this Friday afternoon before the New Year's weekend—under the gun, you might say, to have all this wrapped up in the next few minutes. It is really unacceptable! I do not think anything like this has ever happened in Canada before. To emphasize the point, I must say that this government has lost all sense of the fact that parliaments are run by some agreement among the people to make them run.

Senator Bosa: By consensus.

Senator Stollery: As Senator Bosa says, it has to be run “by consensus”.

I remember the advice of my leader, Senator MacEachen, many years ago, when he said to us—and it was not a political observation, Senator Murray, it was an observation about Parliament—that Parliament is run by consent, the consent of the members to make it run. That is the difference between Canada and countries which, for all of their histories, have never been able to make their parliaments run. They have never understood that there must be a general consensus by the people and by parliament to make it run. Because that consensus has been so abused by this government ever since it was elected, we have—and every member feels it—a lessening of the consensus in this country. The agreement, honourable senators, is filled with secret corners, and it is unfortunate that under this spurious deadline we have no time to look more carefully into them in the interests of the country.

For example, in chapter 15, which deals with temporary entry for business persons, a list of professionals categories appears. We all understood that this list of professionals and the need for professionals to come in and out of Canada and the United States was related to trade matters. We understood they would be people, for example, who were selling something, servicing something or were, for some reason, required to stay in Canada more than a few hours or a couple of days, and that therefore there had to be this section in the agreement. However, when you look carefully at chapter 15 you discover that there is a long list of professionals, such as dentists, registered nurses, veterinarians, teachers and university professors. According to the evidence that we have heard, these people will be allowed into Canada for up to two years. We were told by witnesses on behalf of the government that these people would be able to replace, for example, a Canadian professor who might be on sabbatical leave. Under the Free Trade Agreement they would be able to avoid totally the rules and regulations of the Immigration Act.

[Senator Stollery.]

It is not very difficult to see that, more and more, it is not only a trade agreement but is an intellectual agreement. Under that particular section we are giving rights to U.S. professionals that we give to no other professionals in the world. If I were in the academic community, honourable senators, I would be very concerned about that section of the Free Trade Agreement.

The greatest belief in all of this year of either believing or not believing is the belief that on Monday or Tuesday, or whenever it is, we will have a free trade agreement in force, when, in fact, what we will have is the outline of a free trade agreement coming into force next week. The real agreement, honourable senators, will be decided over the next five to seven years, when the subsidy issue is decided.

I would refer you to an observation made at page 286 of the Macdonald commission report:

The United States sees a need to develop rules which will penalize governments for intervening in its economy in order to meet particular social and political goals.

● (1350)

I have not heard any reference to it by a representative of the government over the past year. This is particularly important as we now have the five- to seven-year period, starting in the month of January, when what is and what is not a subsidy will, in fact, be discussed.

Members of the government, supporters of the government, and supporters of the agreement, do not seem worried about our various social and health programs and the fact that the Americans do not have a national unemployment insurance program. I use unemployment insurance and the medical program because they are the two most obvious ones, the ones that we all know, but there is a vast number of other programs and there is no question that the future of those programs is not decided by passing the framework of this agreement. The future of those programs will be decided over the next five to seven years. My goodness! What is the government's response to that problem? Well, it has the de Grandpré adjustment committee, which ends its work in May, before the adjustment problem even starts. How can the adjustment problem start before the question of subsidies has, in a general way, been decided over the next five to seven years? Yet the government's response to that is to appoint a committee, a kind of bumf committee, that ends its work in May, before the problems even start.

So, honourable senators, not only am I a skeptic among the believers who support this government but I must say that I have become increasingly skeptical about the role of Canadian business in this debate. I realize that it is the end of the week, but I did get some of the trading statistics out when I thought I would make a few comments pressed into this late hour on a Friday afternoon. Business has come out of this, honourable senators, with a great loss of respect. In the election campaign, business in Canada involved itself in such activities that, when I try to think of autocratic régimes that would allow business to conduct massive campaigns on behalf of their dictators, the

only one I can think of is in Chile, where the business community acted on behalf of General Pinochet in the last plebiscite, which I had the luck to watch. I say "luck", because it was interesting. The business community in Chile, representing General Pinochet, acted in exactly the same manner as the business community in Canada, spending millions of dollars to support this agreement.

An Hon. Senator: Fascists!

Senator Stollery: I did not say that it was a fascist business community, and I do not think that, but I do believe that it acted in a reprehensible fashion—

Senator Frith: Hear, hear!

Senator Stollery: —a fashion acceptable in no democratic country.

Senator Frith: That is right.

Senator Stollery: I know rather a lot of countries rather well, perhaps a hundred or more, and the only example that comes to my mind is the business community which massively supported General Pinochet in the plebiscite in Chile.

In regard to the business community and its desperation for this agreement, if you look through our export trading figures you will find that, in trade with a country like China, Australia is third, whereas we are thirteenth, even though I believe we recognized China before Australia did. With the Soviet Union, Canada is the twenty-ninth largest trading partner of the developed, capitalist countries. Only Greece has less trade with the Soviet Union. With Japan, we are the ninth largest trading partner. I am sure that if you looked at those figures you would find that, while we are the ninth and there are only eight other countries obviously ahead of us, some of which are much smaller than we are, if it were not for our role as a supplier of raw materials to Japan, we would not even be ninth.

However, the hour is growing late and I thank honourable senators for being patient enough to listen to me, when on the minds of many of them are, I know, the departures of trains and airplanes. Thank you very much.

Hon. Len Marchand: Honourable senators, I am going to take only a few minutes. I recall a big debate one Christmas time in the 1970s. Although I cannot remember the exact year, it was when I was part of the Trudeau government. We were discussing an issue of such great importance that the opposition had to keep us over the Christmas period for it, and the late Don Jamieson said something like this: "When the country is up to its armpits in jingle bells, I do not know how many people are listening."

I know there has been a great deal of concern in the country about the whole issue of this Free Trade Agreement, and not all of the issues were articulated during the election campaign period. Certainly, one group of people whose interests were not articulated during the period of the election campaign were the aboriginal peoples of this country. Senator Adams raised a few questions the other day in the debate on second reading in

relation to the northern areas especially and more directly to the Inuit people, and I commend him for that.

A number of questions were brought to my attention by the Assembly of First Nations, and, if the minister, John Crosbie, had appeared before the committee, I would have brought them to his attention. It is not my intention to raise all of the questions now, but I do want to highlight a couple of the areas about which the aboriginal peoples are generally concerned.

One of the biggest boosts to Indian and non-Indian economies will be the settlement of land claims to nearly two-thirds of the land mass of Canada. Concern, backed by some legal opinion, has been expressed that benefits from land claims used to support business development may be construed as subsidies and therefore subject to countervail. How does the government address this concern? Or, is it clear that such land-claim benefits flow from aboriginal and treaty rights protected by sections 25 and 35 of the Canadian Constitution?

The treaty-making prerogative of the federal Crown is clear. What is not clear is just how outstanding treaty obligations, like those to Indian peoples, will fare in light of the new obligations stemming from the FTA. Will such outstanding treaty obligations be honoured first, before other obligations such as assistance to companies and to communities having to adjust to the FTA?

Honourable senators, this is the basis, the nub, the most important area of concern that we have relating to the FTA. I know there has been a lot of rhetoric on both sides—rhetoric that perhaps has become just a little far-fetched. However, I hope you do not think I am extending the concerns I have raised into an area that could be thought to be far-fetched. They may be far-fetched to some of you, but not to us. We fear that this Free Trade Agreement, which is all-pervasive and all-encompassing, can have some impact on our communities, particularly in the settlement of some outstanding land claims in all parts of the country, and especially the large number of outstanding land claims in the Northwest Territories. My colleague Senator Adams referred to these the other day.

Honourable senators, I just want to say that, as a western Canadian who has been elected to the House of Commons over three terms, I campaigned many times on the basis of being a free trader. I am a free trader, but I have some fears regarding this agreement. I do not think it is a good agreement for Canada. We could have done better. But be that as it may, we made the commitment and the people have spoken. I only hope that we have done it right. I want to say that the peoples in the aboriginal communities will be watching, as I am sure all Canadians will, the effects of this agreement on our peoples and on our communities.

Some Hon. Senators: Hear, hear!

● (1400)

[Translation]

Hon. Norbert L. Thériault: Honourable senators, I know that it is already two o'clock on Friday afternoon. I also know that honourable senators want to leave as soon as possible.

[English]

Nevertheless, I should like to take a few minutes to express my feelings about this deal. I am saddened about what will happen in the future as a result of this week, although it is part of the political life of our party system that caucus decides, and those of us who have lived with caucuses for a number of years know what it means not only to the caucus but to the party and to the parliamentary system.

The leadership of the Liberal Party in the Senate made a commitment back in July or August that it would not pass this bill until there was an election. In hindsight, we might have been more specific and said unless a majority of the people in Canada voted for free trade, but we did not do that. I come from a small province in Canada where 35 per cent of the population is French speaking and the balance is English speaking, and in my province this deal was debated at length. Of course, the Leader of the Government in the Senate and the Prime Minister have always said that the deal had the support of eight premiers, but it makes you wonder, when, in spite of a very popular Liberal premier supporting free trade in my province, over 60 per cent of New Brunswickers voted against the government, primarily because of free trade.

Senator Murray: He was not supporting the government; he was supporting free trade.

Senator Thériault: It gives you an idea of the deep feeling that there is in New Brunswick.

Senator Murray: How did Premier McKenna vote? He was not supporting the government; he was supporting free trade.

Senator Thériault: Anything else?

Senator Perrault: Carry on, Canada!

Senator Thériault: The situation is the same throughout the maritimes—in Newfoundland, Nova Scotia, New Brunswick and P.E.I. During the campaign there was a lot of talk about fear, and I am one of those who fear this agreement. I have risen today to make those remarks because I want my children and grandchildren to know 30 years from now, if things transpire as I think they may, that I stood up and said what I believed. When they ask me, "Where were you?", I am going to have to explain to them that I did not vote against the deal but that I abstained. I am going to abstain, as I did earlier this week, but I do not like doing so, because I am worried.

[Translation]

Honourable senators, we Acadians know what the word "assimilation" means. Thousands of our people went to the United States and what happened to them? Within two generations, they completely lost their mother tongue.

When I see what happened in Canada during the election campaign, I am even more frightened. What regions supported this Agreement? Only two Canadian provinces gave majority support to the Agreement on November 21, 1988, namely Quebec and Alberta.

The actions of the governments of these provinces do not show that they are totally devoted to Canadian patriotism. That is their right. Most people in Quebec are Quebecers first

and then Canadians. We heard talk of separatism from Quebec and Alberta, not from the other provinces. This Agreement suits people who think that way.

I conclude by saying that I hope with all my heart that my fears as a Canadian and a parliamentarian will not be realized. Because as you know, within 20 years, as Parizeau said and Bourassa said indirectly, it will be easier to obtain separation or sovereignty-association with the Free Trade Agreement than without it.

Having admitted this, the two main achievements of the Mulroney Government are the decentralization of the national Government's power to the provinces and the weakening of the Canadian Government's power with respect to our southern neighbours.

[English]

Honourable senators, I hope that my fears do not come true. When we talked about social programs during the election campaign as they related to the FTA, I believed everything that was said. The Prime Minister brought his own mother forward to show us that he was not going to take away her pension. I never believed that people of my generation would lose their pensions; but I am concerned about the effect that the agreement will have because of the pressure that was brought to bear by the many companies—God knows how much pressure they used during the campaign—to make sure that the Free Trade Agreement would come about. When they have to compete with the American companies in a different system, over the years it will be the American system that will prevail.

As a Canadian who has travelled throughout the United States and has a lot of respect for the United States, having many cousins who live there, I do not want to see the kind of poverty in Canadian cities that I see when I go to Washington, New York, Philadelphia, Los Angeles or any of the other large cities. Thank God it is not like that in Canada. I hope that my fears prove groundless, but I am having a hard time even abstaining and not voting "no" on this deal.

Some Hon. Senators: Hear, hear!

Hon. Ann Elizabeth Bell: Honourable senators, I should like to make one or two points about Bill C-2, which I assume we are going to give third reading to this afternoon. Bill C-2, which will implement free trade, provides for tariff reductions and the elimination of trade barriers. In that Bill C-2 is implementing the Free Trade Agreement, it has my support and, I assume, the support of most Canadians, because Canadians are free traders; our whole history proves that. However, going beyond the fact that Bill C-2 implements the Free Trade Agreement, it is forcing us into an economic union with the United States, starting with the opening up to the United States of our natural resources, which will be accessible, including energy and water—so far, and allowing direct takeovers of Canadian companies, with no protection for strategic companies.

● (1410)

Honourable senators, I have seen nothing that would protect a company of strategic importance to Canada from being subject to a direct foreign takeover. The Free Trade Agreement provides that the threshold for direct acquisitions will be raised to \$150 million. Someone—I think it was the distinguished Canadian economist, Mr. E.L.R. Williamson—recently said that there is no corporate lawyer worth his salt who couldn't break a company down into segments worth \$150 million each.

I wish we had more time to deal with certain other aspects of Bill C-2, honourable senators, but that is wishful thinking, indeed, on my part. I do not feel that I have any responsibility for the government's deadline of January 1—that is the government's deadline. We in this chamber do not have a responsibility to the government; our responsibility is to the people of Canada. I think we should have the time to make sure that this implementing legislation has all of its "i's" dotted and its "t's" crossed. I would not buy car insurance without reading the small print in more detail than we have had time to consider in our examination of this document.

Honourable senators, I cannot support this bill at third reading, and it is for this reason: I find the dispute-settling mechanism disappointing in the extreme. I know we have gone on about this at length, but what it really boils down to is two alternatives—the termination of the agreement or retaliation on the part of Canada. The "binding" part of this dispute-settling mechanism is missing. It should provide a remedy or ensure compliance, and it does neither. As I have said, our only options are to terminate the agreement—which, as Senator Stollery clearly pointed out, is not practical—or to retaliate. I cannot think of any way in which Canada can retaliate so that the United States would even notice, unless we decided to divert the Columbia River, which would be in contravention of another treaty. In my view the dispute-settling mechanism is not really a practical solution at all. It is not really what this country needs in such a comprehensive agreement.

Having said that, and having said why I cannot support Bill C-2 at third reading, I should like to say that, should the bill receive Royal Assent, I shall do everything in my power to help the government make this treaty work. All Canadians will be in this together. We must act in the most unified way we possibly can to defend Canada's interests. That I pledge.

[Translation]

Hon. Azellus Denis: Honourable senators, I only have a few words to say to you.

I have but one regret: to be involved in my party's promise to let this famous bill pass because of the Conservative majority.

[English]

Hon. P. Michael Pitfield: Honourable senators, I regret that I am not able to support this bill. I am a free trader, but it is abundantly clear that this is not a good agreement for Canada. Furthermore, it is not accompanied by adequate supporting measures. It is not conducive to—to the contrary, it

will undermine—the development of Canada as a united and sovereign country. It does not provide for the fair treatment of our people.

Honourable senators, this could be a good agreement. It could be accompanied by adequate supporting measures. It could be conducive to the development of our country as a sovereign and united country. It could provide for the fair treatment of Canadians, but it does none of these things.

Given the results of the recent election, it would not be proper for me to vote against the bill. As I cannot, in conscience, support it, I will abstain from the vote. As the bill is likely to pass, I join Senator Bell and others who pledge themselves to try to make it work in the event that it becomes law.

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Honourable senators, if I may, I should like to make a few comments on the recommendations we have heard from the committee today and on some of the statements we have heard from honourable senators in the course of the debate on third-reading of this bill.

I should first like to deal with two points raised by Senator Stollery in his speech. Senator Stollery referred to the testimony given to the committee yesterday by Mr. Mel Clark. Mr. Clark made a number of statements in the course of his testimony which the government believes to be quite inaccurate and which it was in a position to refute through evidence of our officials who were present but who, because of the pressures of time, did not have an opportunity to reply directly to Mr. Clark's testimony.

Shortly after the meeting of yesterday one of the senior officials present, Mr. Alan Nymark of the Trade Negotiations Office, wrote to the chairman of the committee, Senator Stewart, a two and a half page letter—

Hon. John B. Stewart: I have not received any such letter.

Senator Murray: I am sorry that that is the case, honourable senators, and, indeed—

Senator Stewart: It is absolutely new to me that there is such a letter. I do not know what the honourable senator is talking about. That letter never came to me; nor did it come to the committee.

Senator Perrault: Shocking!

Senator Murray: I am very sorry that that is the case.

Senator Stewart: Don't use it, then.

Senator Murray: Oh, I beg your pardon, but I intend to use it.

Senator Stewart: You may wish to do so, but that is not a committee document, I can assure you.

Senator Murray: The honourable senator should not get so exercised over what can only have been a difficulty in getting a letter to him.

Senator Perrault: It was sent by Canada Post, was it?

Senator Murray: The honourable senator is getting quite unduly exercised. I am telling him that a letter, which was signed by a senior official of the government, was addressed to him.

Senator Stewart: It was not received.

Senator Murray: Right, it was not received.

Senator Stewart: All right.

Senator Murray: Fine; let us have that on the record: It was not received. I am now assisting the Senate by—

Senator Stollery: You received it!

Senator Murray: Yes, I have a copy of it.

Senator Stewart: Why don't you read from your private diary?

Senator Murray: Why is the honourable senator so afraid to hear what is in this document?

Senator Stewart: This material never came before the committee.

Senator Murray: Then let me place it before the Senate now.

Senator Stewart: In that case, why don't you read from your diary? It is of equal authority.

Senator Murray: Honourable senators, the letter was sent to my friend—

Hon. Royce Frith (Deputy Leader of the Opposition): It was addressed to Senator Stewart; it was not sent. That is the problem.

Senator Murray: How does the Deputy Leader of the Opposition know that this letter was not sent?

Senator Frith: Perhaps we can adjourn the debate on this question.

Senator Murray: It was not received, but a copy of it was sent—

Hon. Allan J. MacEachen (Leader of the Opposition): We do not think this letter ought to be put on the record until it has been delivered to the chairman of the committee.

Senator Murray: Now we have the Leader of the Opposition getting exercised about this.

Senator Frith: This is an inappropriate way to deal with the letter; that is all.

Senator MacEachen: Perhaps we should send the letter back to the committee so that it can be dealt with there.

• (1420)

Senator Murray: The Leader of the Opposition is getting very exercised now.

Senator Stewart: I should like to ask the Leader of the Government a question. Is he introducing a new rule on the basis of which I, as chairman of the committee, could rise here and say, "Evidently, a letter has been written to me as

[Senator Perrault.]

chairman of the committee. I didn't put it before the committee. I might have received 50 such letters. They were never received by the committee and they have no standing in reference to the work of the committee."

Senator Murray: Honourable senators, forget that I ever mentioned the letter. Let me deal with the points. Let me only deal with the points.

Senator Stewart: Yes, kill the man, and then say, "Let's forget that I did so!"

Senator Murray: I have not killed you yet! Wait! I have not even killed your arguments yet!

Senator Stewart: You have put the assertion on the record; now you say, "Forget it!"

Senator Guay: When did you receive this letter?

Senator Murray: I received it today, at noon

Honourable senators, let me simply deal, on behalf of the government, with some of the evidence that was placed before the committee yesterday by Mr. Mel Clark. In particular, I should like to deal with his statement—

Senator Thériault: Honourable senators, I have a point of order. This is very important for this Parliament. I would wish and hope that the Leader of the Government in the Senate would withdraw the remarks he made when he quoted from a letter supposedly sent to a chairman of a committee that was never received. If anything, he should at least withdraw that, and then quote from the information that he received.

Senator Murray: Honourable senators, there is nothing to withdraw. My statement is that a letter has been addressed to the chairman. I am sorry that the chairman has not received it. I have no doubt that he will receive it in due course.

Meanwhile, on the basis of my speaking notes, may I be permitted to deal in a very unemotional way, I hope, with one of the arguments that was placed before the committee by Mr. Mel Clark yesterday? This is the argument that our friend Senator Stollery made his own in the course of his speech in debate on third reading this afternoon.

Senator Stollery pointed out—or repeated, rather—Mr. Clark's allegation that since 1949 the GATT had refused to intervene in settling disputes arising under a bilateral agreement, and thus, according to Mr. Mel Clark and Senator Stollery, the option in Article 1801(2) to take a case to the GATT is meaningless. This assertion by Mr. Mel Clark and Senator Stollery is wrong. I am informed that in the 1949 Margins Preference case the GATT stated that it would not rule on the determination of rights and obligations between governments arising from a bilateral agreement where the matter was not within the competence of the contracting parties to the GATT. However, where either party to a bilateral agreement may also be in violation of its GATT obligation, the GATT has jurisdiction. To give an example, Canada could not seek a GATT panel to adjudicate a dispute arising from chapter 14 of the FTA, which deals with services, because these are obligations arising from the Free Trade Agreement, not from the GATT. But in the area of antidump-

ing and countervail, where there are existing GATT obligations, Canada could proceed either to GATT or to the FTA dispute-settlement mechanism.

Senator Stollery: Honourable senators, I would like to have one moment to explain that not only—

Senator Doody: You spoke in this debate earlier.

Senator Stollery: You have mentioned my observation, and you have, on the basis of a spurious letter, introduced spurious evidence and ignored the fact that we were told that in 40 years never has the procedure been used that you were saying can be used. So I do not see the point of your uninformed comment.

Senator Murray: My honourable friend will have an opportunity to read the statements that I have made when he gets his copy of *Hansard*, or, indeed, his copy of this letter. But the point that I have just made, that Canada would have an option either to invoke the dispute-settlement mechanism of the Free Trade Agreement or to go to the GATT in an area in which there are existing GATT obligations, effectively refutes the point that Mr. Mel Clark made at the committee yesterday and which the honourable senator has made his own in the debate on third reading today.

There are a number of other matters in Mr. Clark's testimony that I should deal with immediately.

Article 104 of the Free Trade Agreement affirms the existing rights and obligations of the parties to one another. This includes GATT rights which are not removed in the antidumping and countervail area by virtue of Article 1801(1). This article merely indicates that for the matters specifically covered by chapter 19, including binational panel dispute settlement in antidumping and countervailing duty cases to replace review of final determinations by a domestic court, chapter 18 shall not apply. Neither chapter 18 nor chapter 19 provide that for matters covered by chapter 19 the parties' GATT rights no longer apply.

If Canada believes that a U.S. antidumping or countervailing duty law or the application of such a law is inconsistent with U.S. obligations under the GATT, Canada remains free to raise its case in the GATT. It also has the option, under Article 1801(2), of raising the matter bilaterally with the Canada-U.S. Trade Commission. The fact that Canada may subsequently wish to avail itself of binational panel review of the final decision rendered in the U.S. in that case in no way prejudices our rights under chapter 18 of the FTA. Thus it is incorrect to state, as Mr. Clark did, that the FTA replaces GATT rules with the rule of U.S. law.

Mr. Clark also referred to Canada being worse off under the FTA than previously, because section 409 of the U.S. implementing legislation allegedly introduces new countervail remedies which apply only to Canada. This also is not correct. The U.S. statement of administrative action makes it clear that section 409 does not create any new trade remedies. Furthermore, it does not obviate the need to comply fully with the criteria and procedures of existing U.S. trade law nor does it prejudice any investigation or determination under those laws.

Honourable senators, the second matter that Senator Stollery dealt with in his remarks on third reading today—

Senator Stewart: Before Senator Murray continues, I should like to rise on a point of privilege, both a point of personal privilege and as a member of the committee.

Senator Murray has alleged that a letter was written to me as chairman of the committee. I assert that I received no such letter and that no such letter was in the possession of the committee when it concluded its unanimous report. My point of privilege is that there was an implication that I, as chairman of the committee, had certain knowledge, indeed, that the committee had certain knowledge which is not reflected in the report it made to the Senate earlier this day.

I have no objection to the Leader of the Government making statements on behalf of the government, but what I do object to most earnestly, honourable senators, is that that information should be smuggled before this house in the guise of a letter which was not received by me, either personally or as chairman of the committee, in which capacity I serve this body.

Some Hon. Senators: Hear, hear!

Senator Murray: Honourable senators, I accept the statement of the honourable senator. What can I do except regret it if, for some reason, he has not received the letter? Let me tell him what my information is.

Senator Frith: Don't use it, that is what you can do.

Senator Murray: My information is—

Senator Stewart: Honourable senators, the Leader of the Government does not really get the pith and substance of my objection. I am accusing him of smuggling!

Senator Murray: Honourable senators, this is silly; this is truly silly.

Senator Stewart: That shows your sense of values.

Senator Murray: This is truly silly. I have placed on the record, on my own responsibility as a member of the government—

Senator Stewart: But you did not do that.

Senator Murray: —a refutation of certain testimony that was given to the committee yesterday by Mr. Mel Clark.

Senator Perrault: When did you receive your letter?

● (1430)

Senator Murray: I have done so, as I said, on my own responsibility as a member of the government.

I began to say, until, to my astonishment, I was interrupted by irate senators, that the same refutation was contained in a letter which had been addressed by a senior official of the Trade Negotiations Office to the honourable senator in his capacity as chairman of the committee. I cannot understand his indignation. He might be indignant with the post office for not having delivered the letter, but let me tell him what my information is.

My information is that yesterday an officer of the Trade Negotiations Office handed the letter in an envelope to my friend, and that my friend handed it—

Senator Stewart: "... handed it"?

Senator Murray: Yes, handed the letter in an envelope to my friend, and my friend handed it to the clerk of the committee. At the same time a copy of the letter was given by the officer of the Trade Negotiations Office to the clerk of the committee. Indeed, the letter that I have—and I must refer to it again—while it is addressed to the Honourable John Stewart, states: "c.c. Mr. Patrick Savoie, Clerk of the Standing Senate Committee on Foreign Affairs."

All kinds of things can happen—the honourable senator did not open the letter or it was mislaid somewhere. Clearly, he does not have the letter. Clearly, this was the first he had heard of it.

Senator Stollery: It is getting worse.

Senator Murray: Well, I am sorry about that, but why is he so indignant that I should place the material on the record of the Senate in the course of the third reading debate? It is not as if the material was so offensive or inflammatory.

Senator Perrault: When was it on his desk?

Senator Stollery: It has characterized the whole debate.

Senator Murray: It amounts to a refutation, on behalf of the government, of testimony that was placed before the committee yesterday by a witness. I think it is the kind of information that the house and the country is entitled to, and I therefore place it on the record. Frankly, I find the interventions and indignation of honourable senators quite silly.

Senator Stewart: Honourable senators, I do not wish to pursue the matter any further. The Leader of the Government in the Senate says now that he wants to put this information before the Senate on his own authority. I do not object to his proceeding in that way. I have raised my point of privilege. The records of the house are clear. I can only conclude that the Honourable Leader of the Government's perception of parliamentary values is beyond improvement by anything I might say.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I assume that the questions—

Senator Murray: are you finished?

Senator Murray: Indeed, I am not finished. I sat down because—

Senator Frith: Let us get it straight about the letter.

Senator Murray: I have not finished my speech.

Senator Frith: This concerns a point of order.

On the orderliness of proceeding with this letter at all, I understand that the Leader of the Government in the Senate is having difficulty understanding why there was such a sharp reaction from the chairman and members of the committee to his attempt to introduce, on third reading of the bill, a letter addressed, but not delivered, to the chairman of the commit-

[Senator Murray.]

tee, not considered by the committee, and not now available for consideration by the committee. If we are to proceed—

Senator Stollery: Because we in fact have been reasonable.

Senator Frith: —as we have undertaken to proceed—

An Hon. Senator: Never seen it!

Senator Frith: —there was no way for the committee to deal with this. We reacted the way we did because we worked fairly hard on this committee. We worked nine to ten hours a day—and that is all right, we undertook to do that; I am not complaining or looking for sympathy. It was an instructive and interesting experience. However, the committee report was based on the evidence before the committee. On the basis of the evidence that was before us, as the report states, "On the evidence presented to us," we worked, again, long hours to prepare a report. We completed that report, passed it unanimously, and brought it before the Senate as a basis for the third reading. That report was adopted. We felt that the committee aspect of the matter had been dealt with.

If, then, at third reading, some honourable senator wants to deal not with some criticism of the report but with the evidence, there is nothing wrong with anyone talking about the evidence that is there.

Senator Murray: But he may not refute it?

Senator Frith: No, that is not the point. Certainly he can do what you eventually tried to do. I am simply trying to explain why we were concerned. It is because we are now faced with the evidence that we in the committee heard.

You did ask for an explanation. Do you want to hear it?

Senator Murray: I do not think I did.

Senator Frith: Yes, you said, "I cannot understand."

Senator Murray: That is not an invitation for explanation.

Senator Frith: Oh, I see. All right.

Senator Perrault: They want to bask in ignorance.

Senator Frith: I now understand how closed your mind is to it, but let me put it on the record—even if it is boring to you.

So, honourable senators, in any normal circumstances the committee would say at this stage: Since we cannot question this document, as we did question the author of the document when he was before us—

An Hon. Senator: I have not seen it!

Senator Frith: —the only way that we can deal with this in a normal fashion is to say that it is perfectly proper for the leader to raise it. We must now consider moving that the bill be not now read a third time but that it be referred back to the committee—

Senator Perrault: Right on!

Some Hon. Senators: Hear, hear!

Senator Frith: —so that in this way we can help the Leader of the Government get this evidence properly before the committee, delivered to the committee. We can convene and think

about it and be ready for it to be delivered. The author of it can come before the committee and make these points. We can then deal with it and bring it back. If, again, someone says, "But I have a letter here that refutes that," we can send it back again. That is why it is unfair to do that; that is all.

Senator Guay: Right on!

Senator Frith: To have stood and said, "This is what I say about some of the evidence I read" is one thing. But to try to qualify a person who was a witness by saying what his job was, and then trying to bootleg it in in this way—

Senator Guay: That is a good word.

Senator Frith: —leaves open the question—and I leave it to the leader and the chairman to consider this—whether or not the only thing to do is to let the committee look at this letter.

Senator Guay: A good bootlegging job!

Senator Perrault: Hear, hear!

Senator Murray: Honourable senators can indeed reflect on that. Since they have a majority in this place, they will decide what they want to decide.

Senator Frith: That is correct. Now you are right! Now you are on the right track!

Senator Murray: Honourable senators, I want to deal with another matter that was raised by Senator Stollery.

Senator Frith: That is the reward for cooperation.

Senator Guay: Did you get another letter?

Senator Murray: I want to deal now with the question of the temporary entry of professionals and others that was raised in comments by Senator Stollery.

The first thing that has to be said about this matter is that those provisions relating to temporary entry are in the Free Trade Agreement because we Canadians asked that they be put there. It is our business community in this country that is applauding the provisions that are there in that respect.

Honourable senators should know that because Canada has been a good deal more liberal over the years in this respect than the United States—

Senator Guay: That is hurting your feelings.

Senator Murray: —we have to make few legislative adjustments as a result of the provisions in the Free Trade Agreement relating to temporary entry—

Senator Stollery: Because it is by regulation, and the entire section is being handled, we are told, by regulation.

Senator Murray: —whereas the United States has to make considerable adjustments in its legislation and regulations.

Senator Guay: A small price to pay for its passage!

Senator Murray: I want to put it to the honourable senator, and to others who are interested in this, that without these provisions the gains that we have made in terms of trade in services would be far less useful to our country without the ability of our business people to go across the border, as

provided for in the Free Trade Agreement and the legislation. Without the ability of our business people to go across the border as provided for in the Free Trade Agreement and in the legislation, the gains that we have made with regard to the services industry would be far less useful to us.

● (1440)

Further to that, and as a long-standing issue in trade between our two countries, our manufacturers will be able to provide after-sales service to their U.S. customers as a result of these provisions. As I say, the provisions are reciprocal, but we should not be concerned about that. Canada has historically been much more liberal in its temporary entry policies than has the United States, and there will be no great change for us.

Senator Stollery: Two years is temporary?

Senator Murray: Some concern was expressed about the wide range of professionals who will be permitted easier entry under this chapter. Again, I should like to point out that it was important to include as many professionals as possible, because without the ability of architects, engineers or management consultants to cross the border freely the benefits of open access for the provision of services could not be achieved.

Finally, with regard to professionals such as lawyers and university teachers, while they are on the list for expedited temporary entry, the rules on hiring or licensing in these specific professions have not been touched by the Free Trade Agreement. In other words, they are not covered by the services chapter of the agreement. Thus we can still institute or retain "Canadians first" policies, if that is what we wish to do. If, at some future time, the governing authorities for these professions choose to allow U.S. citizens equal opportunity in Canada, their entry will be facilitated at the border. In the meantime they will at least have expedited entry for purposes of research, consulting and so on. Therefore, in summary, the temporary entry chapter is an important achievement for Canada, which will prove itself time and again as business people take advantage of the Free Trade Agreement.

Senator Bosa: What about the European Economic Community?

Senator Murray: Honourable senators, the report made by the Foreign Affairs Committee today suggested that—

Senator Stollery: Honourable senators, I rise on a point of order. I must say that I did not join in the previous point of order. Even though the credibility of my remarks was thrown into some disrepute in a very spurious manner rather late in the day, I especially chose not to join in that protest because I wanted honourable senators to have the opportunity to get away from Ottawa.

However, I must say that I deplore this method of bringing up—at the last moment, when everyone has reluctantly agreed to end this matter today—argumentation which was not brought up before the Standing Senate Committee on Foreign Affairs. I refer in particular to the immigration matter and to the testimony of a government witness—and not testimony by an independent witness—who said that the entry procedures

could allow someone to come into Canada for up to two years. That was the evidence that was put before our committee.

Senator Doody: What is your point of order?

Senator Stollery: In my opinion, if the government leader wishes to refute that evidence in the proper fashion, then we should reconstitute the Foreign Affairs Committee and go back and hear the evidence over again. In my opinion the Leader of the Government has made a very weak defence, filled with holes, about the immigration matter, because I am sure he does not personally understand the Immigration Act or the rules of occupational demand. I am sure that there exists an association of Canadian professors from whom we have not heard—nor has anyone said that they were consulted—when, under the Free Trade Agreement, their jobs are put at risk, together with the jobs of the dentists, the nurses and all of the other people on that list—

Senator Doody: What is your point of order?

Senator Stollery: If the Leader of the Government in the Senate wishes to refute that evidence at the last moment—and, in my opinion, it is a sort of semi-refutation done in a phony manner—then I think he should be honourable enough to move that the entire matter be sent back to the Standing Senate Committee on Foreign Affairs in order that we can discuss it with the type of thoroughness that, if the government had had any decency, it would have allowed us to do in the first place.

Senator Murray: Honourable senators, I would never have mentioned the subject of temporary entry—

Senator Guay: You are stalling!

Senator Murray: —if Senator Stollery had not raised it in the debate on third reading.

Senator Stollery: You said two years.

Senator Murray: The honourable senator rose on a point of order. Am I to be prevented from dealing with the arguments—or at least trying my best to deal with the arguments—that the honourable senator has advanced in his speech on third reading? If so, what is the purpose of a third reading debate?

Senator Guay: Do you want the bill to go through?

Senator Murray: Honourable senators, the bill could have gone through last August.

Senator Guay: If you would sit down, it would go through!

Senator Murray: If my honourable friend will be patient, I will be sitting down in a very few minutes.

Honourable senators, let me conclude by referring to the fact that it is the intention to have the Foreign Affairs Committee monitor the implementation of this agreement. In particular, the committee has indicated in its terms of reference that it wants particular attention paid to a number of matters. I want to say that I welcome that development. I also want to say that I think if the committee maintains the tradition of seriousness, sophistication and non-partisanship

that it earned over many years under the chairmanship of Senator van Roggen then the committee, in monitoring the implementation of this agreement, will perform a very valuable service to Canada. I want to say that the government will cooperate—as we always have and always will—with that committee in its deliberations.

I also want to tell the house that, while the concern of the committee with regard to adjustment assistance to help those who may be displaced is very commendable, in my opinion it is at least equally important to monitor the benefits of the Free Trade Agreement on investment and job creation on the different sectors of the economy and in the different regions of the country to ensure that we are, indeed, in a position to derive the maximum benefit from this Free Trade Agreement. In this respect I think the committee might be guided by the terms of reference that were given to the de Grandpré committee, where the council was asked to examine the possibilities for Canadian businesses and workers to position themselves to benefit from the agreement. I suggest that a good point of departure for the committee will be to examine the effectiveness of the existing programs.

● (1450)

Yesterday, in the committee, the Leader of the Opposition, Senator MacEachen, pointed out that in the past, when government policies led to changes in, for example, the automotive industry and the railway industry, special government programs were brought in to assist those affected by those changes. Of course, that point is well taken, but I think he would recognize that in the years that have elapsed we have brought in dozens of programs to cope with every conceivable adjustment problem or opportunity in the country. Yesterday I mentioned the industrial adjustment service, the Canadian Jobs Strategy with its six components, the various programs that have been available under the Department of Regional Industrial Expansion and the new programs that are being developed in the Department of Industry, Science and Technology. We have the various regional programs under ACOA and the Western Diversification Office. We have the various trade promotion programs and so forth. We have the Older Worker Adjustment Program, the agreements to which have been signed with several provinces in the last little while. Well, I have not heard in this debate, or indeed in the committee when I was able to listen to the evidence, very much reference at all to specific inadequacies in those programs in light of the Free Trade Agreement.

Senator Frith: Which programs?

Senator Murray: The programs to which I just referred, the DIST programs, the DRIE programs, the regional programs, the Industrial Adjustment Service, the Canadian Jobs Strategy, the Older Workers Adjustment Program, and so forth. I have not heard very much reference to specific inadequacies in those programs in light of the Free Trade Agreement between Canada and the United States. It is no wonder that Mr. de Grandpré, whose committee has clearly studied many of these existing programs, talks of not introducing new programs but of fine-tuning these programs. So I suggest that the committee

look for inadequacies in those programs and in the application of those programs. I am sure that the programs are not perfect. I think the committee should invite workers, business people and communities that are availing themselves of these programs to share with the committee their experience in living with these programs.

The committee also seeks, and will receive with the adoption of the report, a role in monitoring the negotiations on counter-vail and antidumping. Here again, as I indicated at second reading, the government will cooperate with the committee in this matter. However, as I have also said, we draw the line, as governments always have and always will, at divulging the details of negotiations which could damage our position in those negotiations. On those matters we have to be the judge as to when and how much we can reveal consistent with the public interest.

In conclusion, I simply want to pay tribute to ministers, present and previous, who have been involved in the free trade negotiations and in the government's free trade initiative. I think of the past ministers for International Trade, the Honourable James Kelleher and the Honourable Pat Carney, as well as the present, the Honourable John Crosbie. On behalf of the government, certainly on behalf of my colleagues in the government party, I also want to express our warm appreciation to Ambassador Reisman and to the many public servants—

Some Hon. Senators: Oh, oh!

Senator Stollery: You have already expressed your appreciation to him with a million bucks!

Senator Doody: Order!

Senator Murray: I am terribly sorry that honourable senators cannot find it in their hearts, at this season of the year in particular, to at least praise the ambassador—

An Hon. Senator: Is this an electoral campaign?

Senator Murray: —for his exceptional dedication to Canada, for his exceptional dedication to duty, and for the tremendous energy, enthusiasm and skill he brought to his task. I express that appreciation not only to Ambassador Reisman but to the many public servants in the Department of External Affairs and the Trade Negotiations Office who have taken part in this initiative over these many months.

Last, but not least of course, a word for the Right Honourable the Prime Minister, whose vision, skill, determination and political leadership has seen this initiative through to a successful conclusion.

Some Hon. Senators: Hear, hear!

Senator Murray: Previous generations of political leaders, going back before Confederation, have grappled with the problems and opportunities of our economic and our trading relationship with the United States. As honourable senators know, elections were fought on this issue in the early days of Confederation and, indeed, in this century in the election of 1911, when the Laurier government was defeated on a free trade initiative that it had taken with the United States. We

have been told that Prime Ministers King and St. Laurent had come close to concluding free trade agreements with the United States, but drew back. My own party, as honourable senators know, through much of its early history, opposed free trade with the United States. We opposed it because in our judgment Canada was not ready, was not ready politically, economically or culturally, for free trade with United States.

Honourable senators, Canada is ready today. This government has negotiated a Free Trade Agreement with the United States, and the policy of the government in this matter has widespread support among the provinces, in the business community, and I think it is clear outside of Parliament that it has widespread support among members of various political parties. That the agreement has this support in the country speaks, I believe, of a new confidence among Canadians, a new confidence in our own political independence, in our cultural identity and in our economic potential. All that we cherish about Canada, and all that makes us unique as a country, will be enhanced as Canadians excel and prosper under the Free Trade Agreement with the United States. Once again, I commend the agreement and this bill to the support of the Senate at third reading.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I am not sure that I can begin or end my comments with the elevated prose used by the Leader of the Government as he attempted, once more, to pump some substance into the Free Trade Agreement debate, substance which the government has been unable to explain and which is not discerned by the Canadian people at large. Despite what the Leader of the Government has said, and despite the outcome of the election, the fact still remains that there is deep anxiety and deep uncertainty in the country about the effect of the Free Trade Agreement upon the Canadian economy, upon Canadian society and, in particular, upon our political sovereignty. It would be nice if able craftsmanship of parliamentary speeches could settle these matters, but it cannot. We heard plenty about it in the committee.

● (1500)

We welcomed Senator Murray's presence in the committee during the testimony of Mr. de Grandpré on the question of adjustment. He was not there, however, when we heard from the representatives of the Canadian Labour Congress. I do not complain about that, but about the fact that the representative of the Canadian Labour Congress—having been a determined opponent of the Free Trade Agreement, having joined with the Pro-Canada Network to oppose the agreement, having now accepted the results of the election—came to the committee to describe to us his apprehensions about the impact of the Free Trade Agreement. He talked about the dire consequences accruing to Canadian industry and jobs as a result of the low-wage competition from the southern United States. I asked him about northern workers in the United States, and he cited the instance of what he described as the "rust belt". He said that the movement of industry and jobs in the United States had occurred because the northern states and the

northern communities had been unable to meet the competition that Canadian firms will now have to face with low-wage competitors in the southern United States. That was his fear, and to attempt to remove it by references to noble sentiments of aspiration is a mistake.

Honourable senators, I am not ready to refight the election. I said that in my speech on December 27. Today is December 30, but it seems like a long time has passed since Tuesday, because we have been in the committee room almost continuously since then. In my statement on Tuesday I said that I was prepared to look forward, to prepare for the implementation of the Free Trade Agreement, and that we should hold to account those who have brought it about and, particularly, to insist that they deliver the benefits which even today we are told will certainly flow from the agreement. We intend and we think we ought to look forward and hold those people accountable and insist that they deliver.

I must say that I regret that Senator Murray, this afternoon, made a mistake in attempting to bring before the Senate, in a surreptitious way in my view, a letter which had been written by a government official and which never reached the committee and was therefore never examined by the committee. It was a mistake, because it disturbed the cooperative mood that had prevailed in the committee since the moment it received the order of reference.

Honourable senators, I want to express my admiration to the chairman, Senator Stewart, for his work and to all members for their diligence.

We heard from officials of the government, who helped us considerably in clarifying certain aspects of the Free Trade Agreement, as well as from a limited number of witnesses who were not government officials but who are experienced and possess considerable credentials. Some were against the agreement and some were for the agreement, but, overall, I believe they did give us a balanced preview of what may lie ahead.

I am pleased that Senator Murray again emphasized the question of adjustment in his address, because it will be a continuing priority and, from his comments, presumably the government will give it a high priority. That is to be welcomed.

Honourable senators, I heard some disquieting comments in committee, for example, from the chairman of the Economic Council of Canada, Ms. Judith Maxwell, who told us that when jobs are lost in the coming years we shall not be able to identify the cause of the lay-off—that is, to identify whether a job is lost because of the Free Trade Agreement. That view was shared by Mr. de Grandpré, the chairman of the Task Force on Adjustment Assistance. If it is true that it is impossible for the chairman of the Economic Council of Canada to identify the costs of the Free Trade Agreement, then it must also be acknowledged that the estimates which have been given by the same council alleging job creation as a result of the agreement lack credibility at this stage. I put it to Mr. de Grandpré that if we were told the difficulties were too great to measure the job losses flowing from free trade then surely the

benefits could not be measured either. I asked him if that was right, and his answer was, "You are absolutely right."

What we must now remind the government and the chairman of the Economic Council of Canada to do is to stop talking about so-called "job creation" if they cannot tell us about the job losses. The analytical difficulties are enormous, apparently, when it comes to telling us about the jobs that will be lost, but are easily managed in terms of job creation. I found that portion of the evidence very disquieting.

I hope the supporters of the agreement have not agreed that the benefits are to be highlighted and the losses obscured or concealed.

The chairman of the Economic Council of Canada also seemed to proclaim the futility of government programs. When she was pressed as to whether anything ought to be done for firms in communities affected by free trade, the answer was, "... firms use government funds to finance investment that they would have done on their own." That certainly was a pretty drastic condemnation of the types of programs that are now in place, as referred to yesterday in the committee and today in the Senate by the Leader of the Government in the Senate. I do not share that view. I do not support that view of the chairman of the Economic Council of Canada, because I do believe that appropriate assistance to firms by the government can be decisive in maintaining and encouraging employment in certain communities of Canada. I think we shall be returning to adjustment. It was clear that we did not get all the answers yesterday. We know that Mr. de Grandpré has made public no specific proposals yet. He will do so in March, but up to the present there is nothing that we can hold up in the Senate today and say, "This is a solution to possible readjustment from the Free Trade Agreement."

• (1510)

I should like to refer to another aspect of the discussions, and that is the enormous amount of work and preparation that has to be undertaken for the extensive negotiations that will take place with the United States. A great deal of work remains to be done, and it was interesting that one of the witnesses knowledgeable in the field told us that the harassment to which Canadian firms have been subjected over the years will continue, although this was a stated reason for the entry into negotiations with the United States. There is nothing in this agreement that would limit the harassment of Canadian firms by American importers, harassment that has arisen from trade remedy laws.

Senator Frith: And their new Omnibus Trade Bill makes it easier.

Senator MacEachen: In the face of negotiations down the road on subsidies, it was disquieting to hear one of the witnesses say that it was unlikely that the bilateral negotiations on subsidies between Canada and the United States would make any progress until after the completion of the GATT round, which he expected would take place at Easter time in 1992. That is an important question.

Senator Frith: And he was a supporter of the agreement!

Senator MacEachen: I have heard it stated in government circles that nothing of importance can happen in the negotiations on subsidies with the United States until we know what will happen on subsidies in the GATT round. That means that the resolution of concerns about U.S. trade remedy laws that might occur through these negotiations will be delayed considerably into the future, perhaps even for several years.

I must say that I sympathize to some extent with Senator Murray in trying to put additional evidence on the record this afternoon. He referred to the evidence of Mr. Mel Clark. We heard his evidence, although his views had been made public weeks ago. Mr. Clark's argument, to which Senator Murray took exception today, was uttered before the committee, and we certainly attempted, in the time available within the committee, to resolve that argument. Senator Bazin and Senator Frith, who are both lawyers, joined the discussion, as did Mr. Peter Clark, in an effort not to obscure the point but to see if we could reach a clarification of the relationship between the dispute-settlement provision with respect to antidumping and countervail in the Free Trade Agreement and the dispute-settlement system of the GATT. We did not reach a conclusion, and I think, honourable senators, this underlines the difficulties that we faced in trying to probe each of these items in the very short time available. It was certainly not lack of interest or lack of good will on the part of the committee that made it necessary for the Trade Negotiations Office to attempt to send a letter to the chairman of the committee. We should have had all of that evidence before our committee so that we could have made some finding on that point. But this was impossible, and, presumably, when we go into the next phase of the committee work we shall have to return to that subject.

Our work was force fed, honourable senators, and I believe that it would be better for all of us, and for the country, if we had a lot more time to understand the actual provisions of this agreement rather than having to deal so much with the rhetoric—on both sides. Senator Murray concluded on a high rhetorical note today, adding nothing to the analytical understanding of the provisions of the bill, but building up a rhetorical momentum that might be serviceable in selling the Free Trade Agreement, even though it is not understood. He took the occasion to again try to clear up the mess that had been created in the committee by the evidence we heard on the temporary entry provisions.

Senator Frith: It is terrible!

Senator MacEachen: We are now in another difficulty here. I believe that in his speech Senator Murray directly contradicted testimony which we heard in the committee. I do not have that testimony available because it has not yet been printed.

The majority of members of the committee notes in the report as follows:

with respect to the provisions for the temporary entry of business persons, the evidence presented to the Committee created confusion—

It sure did.

Senator Frith: That is the nicest thing you could say about it.

Senator MacEachen: That was the third draft, each draft becoming less tart than the preceding one.

—the evidence presented to the Committee created confusion and cast doubt on the conceptual foundation and adequacy of preparations for the promulgation of implementing regulations;

Now, if what we heard was incorrect, and if what Senator Murray said was correct, then we ought to have had all of that in the committee and settled it so that we are not left today with a majority of the committee saying that the temporary entry provisions seem to be badly conceived and half baked.

Senator Frith: And contradictory.

Senator MacEachen: And contradictory. In my opinion the evidence is contradictory to what Senator Murray has said. So I have made two comments about the evidence, those same points that have been mentioned by Senator Murray—namely, the important evidence of Mr. Mel Clark, who is not an amateur in the field. He is not someone who came off the street and said, "I have a couple of views to express." He is an experienced former trade official whose views will at least have to be listened to, and disagreed with if necessary, but because of the time constraints we did not get that opportunity.

I have dealt with those two points because they have been raised by Senator Murray. He has found it necessary to raise them because we did not have the time to get the evidence in the committee, not because we were not interested. We tried hard. However, I want to congratulate Senator Murray on the final part of his speech in which he welcomed and promised cooperation by the government with the work of the committee. The committee now has a mandate from the Senate to monitor the implementation of the Free Trade Agreement and related trade developments.

● (1520)

I draw to the attention of the Leader of the Government that the committee expressed a view on two other points, and I hope that the government will cooperate with respect to these two particular points that the committee has stressed. We point out that in the United States an annual report is called for on the progress being made in the many negotiations that will be commencing soon, including the results of the working group charged with establishing a bilateral regime governing antidumping and countervail duties. The U.S. will report to Congress on these matters, and we are suggesting that the Canadian government should report to the Canadian Parliament and the Canadian public annually. We think it would help our work; we think it would be useful; and I believe the committee was unanimous in making that suggestion.

The second point is that the U.S. government has submitted a report to Congress on Canadian compliance with the Free Trade Agreement. Canada should have a report on American compliance with the Free Trade Agreement, and we are asking that such a report be provided by the Canadian government early in the new year. I draw these points to the attention of

the minister because we want to look ahead, and not refight the election campaign, which we lost. We accept that reality, and it is because of that reality that we will not stand up and vote against this bill.

Nothing that we have heard in the committee has removed the concerns we have had. In fact, some of our concerns have been increased as a result of what we heard in the committee.

Senator Perrault: Hear, hear!

Senator MacEachen: In the field of energy, the doubts I had were certainly reinforced by the testimony of the Honourable Mitchell Sharp yesterday. My concerns have increased, but, despite that, we acknowledge that the Government of Canada has a majority in the House of Commons. It has sent us this bill to have it approved by the Senate. We shall not participate in its approval; we shall not support it. The government members will do that job, but they will also take responsibility in the future for whatever results accrue.

Senator Murray: Gladly!

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: It is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Doody, that Bill C-2 be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Senator Bell: Nay.

Senator Frith: On division!

The Hon. the Speaker: The yeas have it.

Motion agreed to and bill read third time and passed, on division.

ILLITERACY IN CANADA

NOTICE OF INQUIRY

Hon. Joyce Fairbairn: Honourable senators, I give notice that on Monday, March 6, 1989, I shall call the attention of the Senate to the question of illiteracy in Canada.

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Monday, 6th March, 1989, at two o'clock in the afternoon.

Motion agreed to.

[Senator MacEachen.]

QUESTION PERIOD

[English]

TRANSPORT

NORTHUMBERLAND STRAIT—PROPOSED FIXED CROSSING— GOVERNMENT PROPOSAL

Hon. John B. Stewart: Honourable senators, I have one question that I should like to direct to Senator Murray. I do not expect him to have the answer today. Will the Honourable the Leader of the Government in the Senate be prepared when next we meet to put before the Senate a statement with regard to progress on the proposal for a fixed crossing to Prince Edward Island?

Senator Perrault: He will send a letter!

Hon. Lowell Murray (Leader of the Government, Minister of State for Federal-Provincial Relations and Acting Minister of Communications): Yes, honourable senators, I shall.

Senator Phillips: Send him a letter!

The Senate adjourned during pleasure.

At 4.30 p.m. the sitting of the Senate was resumed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

30 December 1988

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 30th day of December, 1988, at 4.45 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting of the Senate was resumed.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

An Act to implement the Free Trade Agreement between Canada and the United States of America (*Bill C-2, Chapter 65, 1988*)

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

[Translation]

NEW YEAR'S GREETINGS

Hon. Azellus Denis: Honourable senators, I would like to wish every one of you a happy new year, or as we say in our beautiful French language, "Bonne et heureuse année."

I would add "and paradise at the end of your days" even for those who do not believe in it, as well as for those who supported Bill C-2.

● (1650)

[English]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wish to thank Senator Denis for his expression of kindness. I envy him his facility in that beautiful, graceful and rhythmically musical language which, unfortunately, I have no proficiency in. I am still struggling with English!

I also want to take this opportunity to wish my colleagues on both sides of the house the best for the coming year. We have had an eventful year, and I look forward to another good and cooperative year. All of us have not been pleased with all of the results as they came through, but we did our duty, and I thank all of you for your cooperation.

I should also like to thank all the staff members who have been so accommodating, so generous and so helpful during the year, and apologize to them for the inconvenience that we have put them to during this Christmas season. We have been more demanding than we usually are. Once again, my best wishes to all of you, and many thanks.

The Senate adjourned until Monday, March 6, 1989, at 2 p.m.

APPENDIX

(See p. 80)

CANADA-UNITED STATES FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

FRIDAY, December 30, 1988

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, to which was referred Bill C-2, An Act to implement the Free Trade Agreement between Canada and the United States of America, has, in obedience to the Order of Reference of Tuesday, December 27, 1988, examined the said Bill and reports the same without amendment, but with the following comments and recommendations:

The Committee decided to focus its attention on five areas that it expects will continue to be sources of concern in the future: adjustment assistance; agriculture; energy; temporary entry provisions; and the broad and important area of countervail and anti-dumping.

From the testimony heard on these five particular areas, a majority of Members of the Committee notes as follows:

- (a) with respect to adjustment assistance, no new provisions have yet been proposed. While witnesses agreed that some regions, industries and groups will suffer by reason of the Agreement, they were virtually unanimous that such difficulties could not be dealt with by specific remedial programs;
- (b) with respect to agriculture, the Canadian Federation of Agriculture and the Canadian Egg Marketing Agency have not been satisfied by the responses of the Government;
- (c) with respect to energy, concerns relating to the security of Canadian supply, prompted by changes in the powers of the National Energy Board and the proportionality provisions of the Agreement, have not been alleviated;

- (d) with respect to the provisions for the temporary entry of business persons, the evidence presented to the Committee created confusion and cast doubt on the conceptual foundation and adequacy of preparations for the promulgation of implementing regulations;

- (e) with respect to anti-dumping and countervail, doubts that the forthcoming negotiations on subsidies will be successfully completed were not removed.

Passage of Bill C-2 represents only the first step in the implementation of the Agreement. None of the many regulations that will be required to implement the Agreement has yet been made public, although the Committee has been advised that they will be published in the Canada Gazette during the first week of January.

In addition, there are some 20 areas in which negotiations are called for under the Agreement, which negotiations cannot begin until the Free Trade Agreement has come into force. The most prominent of these relates to the negotiations aimed at achieving agreed bilateral rules to govern countervailing and anti-dumping duties. Other areas to be covered include:

- expanding the procurement provisions and establishing a special panel to review complaints under the procurement section of the Agreement;
- setting up a panel to review the auto pact and the state of the North American auto industry and to recommend ways to strengthen the competitiveness of the industry;
- appointment of working groups to develop common standards in a whole range of areas such as animal and plant health, meat and poultry inspection, pesticides, food, beverage and colour additives, and packaging and labelling;

- changes in rules of origin and controls on imports from third countries;
- agreement on plywood standards;
- expanding the current coverage of trade in services; and
- the liberalization of investment rules.

The Committee considers it essential that the Senate make provision for reviewing the regulations relating to the Agreement as well as for monitoring the way in which the Agreement is applied in the two countries and the progress made in further elaborating it. Specifically, the Committee recommends that particular attention be paid to:

- the effectiveness of adjustment assistance programs to help those who are displaced through the effects of the Free Trade Agreement, difficult though it may be to identify those affected;
- the working out of arrangements for monitoring the export of energy products to the United States, and in particular the role of the National Energy Board;
- developments relating to trade in agricultural products and especially to the impact of the Agreement on the supply management systems and on the competitiveness of Canada's food processors;
- how the temporary entry provisions for business persons and others are being applied; and
- the negotiations intended to develop a mutually acceptable code regarding countervail and anti-dumping duties, so as to assure itself that social programs and regional development policies are in no way put at risk.

In order to carry out this task, it will be helpful for the Government to submit annually to Parliament a report on the progress being made in the many negotiations that will be commencing soon, including the results of the Working Group charged with establishing a bilateral regime governing anti-dumping and countervail duties. An annual report is called for in the U.S. implementing legislation and the Canadian Government should do no less for Parliament and the Canadian public.

The U.S. Administration has also submitted to the Congress a report on Canadian compliance with

the Free Trade Agreement. While this report was deficient, in that it did not take account of the imminent passage of Bill C-2 and of the promulgation of the related regulations, it was helpful to the Congress in carrying out its responsibilities. The Canadian Parliament would benefit from the same kind of information and the Committee recommends that such a report be provided by the Canadian government early in the New Year.

The Committee recommends that it be authorized by the Senate to monitor and report on the implementation and application of the Free Trade Agreement in both countries and other related trade developments. The adoption of this Report by the Senate constitutes such an Order of Reference.

The complete list of witnesses heard on Bill C-2 is appended to this Report.

Respectfully submitted,

JOHN B. STEWART
Chairman

APPENDIX

List of persons who appeared before the committee during the current study with the issue number and date of proceedings in which their evidence appeared.

Issue No. 1, December 27, 1988:

Mr. Alan Nymark, Acting Head and Assistant Chief Negotiator, Trade Negotiations Office

Mr. Konrad von Finckenstein, Q.C., Assistant Deputy Minister, Trade Law Department of Justice.

Mr. J. David Oulton, Director General, Oil & Emergency Planning, Energy Commodities Sector, Department of Energy, Mines and Resources.

Issue No. 2, December 28, 1988:

Mr. Konrad von Finckenstein, Q.C., Assistant Deputy Minister, Trade Law Department of Justice.

Mr. Alan Nymark, Acting Head and Assistant Chief Negotiator, Trade Negotiations Office.

Mr. Andrei Sulzenko, Assistant Chief Negotiator, Services and Investment, Trade Negotiations Office.

Mr. John Raymond LaBrosse, Chief, Industry Relations, Financial Institutions and Markets Division, Department of Finance.

Mr. Michel Hétu, General Counsel, Department of Communications.

Mr. Dick Martin, Executive Vice-President, Canadian Labour Congress.

Mr. Kevin Hayes, National Representative, Canadian Labour Congress.

Ms. Judith Maxwell, Chairman, Economic Council of Canada.

Mr. Michael Gifford, Agriculture Negotiator, Trade Negotiations Office.

Mr. Ken McIntosh, Manager, Business Immigration, Program Delivery Directorate, Department of Employment and Immigration.

Mr. Harland Harvey, Program Specialist, Business Immigration, Program Delivery Directorate, Department of Employment and Immigration.

Issue No. 3, December 29, 1988:

The Honourable Mitchell Sharp, P.C.

Mr. Peter Clark, Trade Consultant, Grey, Clark, Shih & Associates, Limited.

Mr. Mel Clark, Retired public servant.

Mr. Jean de Grandpré, Chairman, Advisory Council on Adjustment.

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THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(1st Session, 34th Parliament)
Friday, 30th December, 1988

GOVERNMENT BILLS
(HOUSE OF COMMONS)

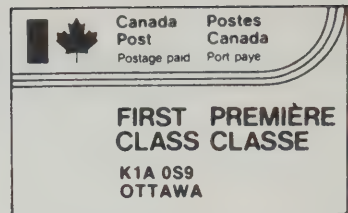
BILL C-2

**An Act to implement the Free Trade Agreement between
Canada and the United States of America**

First and second readings and referral to Foreign Affairs
Committee, December 27, 1988. Report from Committee
(without amendment); third reading and Royal Assent,
December 30. *Chapter 65, 1988.*

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 1

OFFICIAL REPORT
(HANSARD)

Monday, April 3, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Monday, April 3, 1989

THIRTY-FOURTH PARLIAMENT

OPENING OF SECOND SESSION

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 2.30 p.m., the Speaker in the Chair.
Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL

OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

March 14, 1989

Sir,

I have the honour to inform you that Her Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2:45 p.m. on Monday, the 3rd day of April, 1989.

When it has been indicated that all is in readiness, Her Excellency will proceed to the Senate Chamber to formally open the Second Session of the Thirty-Fourth Parliament of Canada.

Yours sincerely,
Léopold H. Amyot

Secretary to the Governor General

The Honourable

The Speaker of the Senate

Ottawa, Ontario

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At 3:00 p.m. Her Excellency the Governor General proceeded to the Senate Chamber and took her seat upon the Throne. Her Excellency was pleased to command the attendance of the House of Commons, and, that House being come, with their

Speaker, Her Excellency was pleased to open the Second Session of the Thirty-Fourth Parliament of Canada with the following speech:

Ladies and Gentlemen, Honourable Members of the Senate, Ladies and Gentlemen, Members of the House of Commons:

It is indeed a pleasure to greet you as you resume your duties.

Today, at the outset of this Second Session of Canada's Thirty-fourth Parliament, my government will put forward the objectives and purposes which it will pursue during its second mandate.

My government believes these objectives to be fundamental:

First, to build a strong economy, encouraged by incentive and opportunity, an economy fully competitive among the world's trading nations and one in which all Canadians may share its challenges, risks and rewards;

Second, to preserve Canada's environment, to actively encourage increased public interest and involvement, and to give firm leadership and support to international efforts to overcome the environmental threat to our planet;

Third, to maintain a caring, compassionate society which will be able, through continuing economic prosperity, to meet its obligations and responsibilities to those who are less fortunate and in greatest need; and

Fourth, to foster a confident sense of Canada's cultural and national uniqueness in which Canadians may have a greater sense of their common values and common citizenship.

Finally, as my government renews its commitment to national unity, it believes the ratification of the Meech Lake Accord is indispensable to the further evolution of the Canadian constitution.

With Quebec at the table as a willing participant, future constitutional development—including the important issues of Senate reform, of aboriginal and linguistic rights, of roles and responsibilities in relation to fisheries, and of ways to strengthen the Charter of Rights and Freedoms—will become possible and will be a priority of the government.

A Strong Economy

Since 1984, federal spending on programs has grown less rapidly than inflation and at less than one-third the average rate of the previous four years. In the last four years, the annual government deficit has declined from over eight percent to less than five percent of gross domestic product. This

represents a decline, in absolute terms, of close to ten billion dollars. Over the same period of time, Canadians have enjoyed extraordinarily strong income growth and job creation. Indeed, Canada's economic performance has outpaced virtually all of the world's major industrialized nations.

Today our challenge is to maintain that expansion in a world economic environment that is increasingly subject to inflationary pressures. To meet this challenge and to enjoy the benefits of continued growth and prosperity will require the utmost resolve of the government and the Canadian people.

My government will soon introduce a budget reflecting that resolve.

My ministers believe that continued progress in reducing the deficit is a vital necessity if Canada's economic well-being is to be secured. The legacy of past deficits is a massive debt. Annual interest payments on that debt now consume 31 cents of every dollar of government revenue. These payments are putting pressure on the Government's ability to meet other priorities. In fact, Canada is now borrowing money solely to pay the interest on previous borrowings. In order to reverse this trend, expenditures must be reduced and revenues must cover the cost of government programs.

My government's budget will have as its purpose the continuation of the nation's prosperity.

The strength of the Canadian economy can be ensured only if the government's means and its spending are in better balance. In turn, an expanding economy is the only way to maintain the social programs which Canadians cherish. Only by positive measures designed to reduce the burden of the debt can Canadians avoid a repetition of the excessive unemployment and inflation rates of the early 1980s.

My government is convinced that the Canadian people will endorse our efforts to control federal spending in order to maintain economic stability and continued growth.

Tax reform is also critical to sustain the prosperity that is so vitally necessary to ensure the high standards of services Canadians expect from their government. The current federal sales tax is inefficient and inequitable. It is costing Canadians jobs.

It will be replaced with a fairer sales tax that will ensure the Canadian economy is fully competitive and that will maintain a stable source of revenues to finance essential programs. Extensive consultations have been undertaken by my government both with the provinces and the private sector. These consultations will help ensure that sales tax reform is implemented in a fair and effective way.

Preparing Canada's Future

Canadians have made it evident that they are confident of their abilities to compete successfully in the international economy of a widening world.

As a mature and confident people, they know Canada's economy cannot prosper behind tariff walls and in restricted

markets. They prefer to support the cause of liberalized trade throughout the world. My government is continuing the process of implementing the Free Trade Agreement with Canada's principal trading partner, the United States. Multilateral trade negotiations through the Uruguay round of GATT are also a high priority. As well, the federal government will continue to work with provincial governments in reducing interprovincial trade barriers which create distortions and inequities in Canada's economic development.

Outward-looking trade policies will be necessary for Canada if it is to be competitive in the world. Many industrialized countries—notably in Western Europe—are forming larger trading alliances so that their industries may benefit from access to larger markets. Business firms are creating world-scale plants as a means of realizing the opportunities which flow from liberalized trade.

With the development of cost-efficient manufacturing in the newly industrialized economies of Asia—and more competitive resource development in the Third World—major new factors are emerging in the international market place. No nation can remain indifferent to, or aloof from, these economic realities.

Canadians in every occupation want to ensure a secure future for themselves and their families in the face of these rapidly emerging economic forces. While they recognize the challenge which confronts them, Canadians also have a confident view of the opportunities which await them.

My government is providing programs to assist small and medium-sized business to develop export opportunities that are emerging as a result of the Free Trade Agreement. The federal government is also placing greater emphasis on the Asia/Pacific region as well as on Europe.

My government's purpose is to ensure that the benefits of liberalized trade and economic expansion are shared fairly by all Canadians.

The National Advisory Board on Science and Technology, composed of members from the scientific and technical communities from all parts of the country, has established a continuing dialogue between Canada's scientific leadership and the federal government. The Board has made a number of important policy recommendations. These include a network of centres of excellence and programs for the development of strategic technologies such as biotechnology, advanced industrial materials, and information technology. These recommendations are now being acted upon, and my government will provide direction and leadership in this vital area of Canada's national life.

The new federal approach to regional development is working. Decentralized decision making, through the regional agencies in Western Canada, Northern Ontario, and Atlantic Canada, has been instrumental in stimulating both entrepreneurial endeavor and business investment. Funding for regional development in Quebec and for these agencies will be continued, and government procurement policies will become increasingly responsive to regional considerations.

My government is concerned that our native peoples participate fully in Canada's economic development prospects and, to this end, will be extending its programs to assist native economic development.

The government will continue other economic initiatives of its first mandate, including:

- further privatization of those Crown corporations which no longer serve a public policy role; and
- passage of business framework legislation which will contribute to the smooth functioning of a modern economy, including the reform of laws dealing with bankruptcy and the regulation of financial institutions.

These initiatives will serve to build a modern, competitive, market-oriented economy.

Jobs for Canadians

Greater competition in our largest trading markets, a diminishing reliance on traditional industries, the rapid growth of the service sector and more sophisticated technology—all these indicate the need for a comprehensive human resource strategy for the 1990s.

If Canada is to meet these new standards and compete in this changing world situation, it must rely upon the skills and resourcefulness of the Canadian people. It must make full participants of disabled persons and visible minorities. It is imperative that literacy initiatives, education, training and retraining for Canada's work force, especially our youth, reflect the requirements of a modern economy.

Expanded labour-force programs to encourage continual upgrading of skills will be an important focus of my government's response to the report of the Advisory Council on Adjustment. Extensive discussions will be initiated with labour, industry, the provinces and other interested parties in order to encourage their participation in this vital process.

My government will propose amendments to the Unemployment Insurance Program in order to improve the Program's effectiveness and its fairness. These changes will direct more resources toward active training which, together with improved identification of marketable job skills, will promote greater opportunities and a more productive and rewarding experience in the work force.

At the same time, this program will continue to recognize the special circumstances in regions with historically high levels of unemployment.

It is also my government's intention to restructure unemployment insurance benefits in order to eliminate inconsistencies with Canada's Charter of Rights and Freedoms, to create greater incentives to employment, and to ensure that the resources available are used more effectively to generate greater labour market opportunities.

The increasing participation of women in the work force underlines the need for initiatives that promote equality of opportunity in Canada's economic life. The report of the Task Force on Barriers to the Employment and Promotion of

Women in the Public Service will give my government—as the largest employer in the country—further opportunity to remove or reduce the difficulties that many women still find impede their working careers.

The Environmental Imperative

Canadians possess a unique sense of their relationship to the land, whose rich, vast diversity has shaped their values and experience.

Throughout the regions and across all linguistic and ethnic communities, there is a shared concern that we protect our environment for generations of future Canadians.

The world itself is facing an environmental challenge of unprecedented magnitude. Recognizing this, my government has strongly supported the Brundtland World Commission on Environment and Development and its call for "sustainable development"—which holds that the state of the world's environment, the strength of the global economy and the health of the earth's inhabitants are inextricably linked.

My government will participate in the establishment of a centre for the international promotion of sustainable development, to be located in Winnipeg.

As well, the National Round Table on the Environment and the Economy has been established to provide leadership and to form new partnerships of effort among Canadians, in order to deal more effectively with environmental concerns and their relationship to the challenges of economic growth. The government has also altered its operational practices and enlarged the responsibilities of the Minister of the Environment to ensure that environmental issues are fully considered in the course of its decision making.

These initiatives are part of a new environmental agenda which will also include the commitment to:

- limit the environmental impact of toxic chemicals through the development of regulations for the Canadian Environmental Protection Act;

- improve the quality of our water, through new legislation;
- protect the environmental integrity of our arctic regions; and

- improve the quality of the atmosphere through the negotiation of an acid rain accord with the United States, the implementation of the Ozone Protocol signed in Montréal in 1987, and the pursuit of further international efforts to control toxic emissions and to stimulate the evolution of international institutions in environmental matters.

In order to promote the restoration and enhancement of the environment, my government will proceed with initiatives to clean up the Great Lakes and St. Lawrence River and, together with the provinces, to further the process of cleaning up dangerous land sites.

Furthermore, my government will continue to encourage the expansion of Canada's environmental industry and, through

sound scientific research, will continue to encourage the development and adoption of clean and efficient production processes. Technology, services, and environmentally friendly products are the key components of this industry. And the opportunities for domestic application and international export of equipment, knowledge and goods are considerable.

Individual Canadians will be encouraged to become more aware of environmental matters with the establishment of the Environmental Partners Fund. This fund will assist them in actively enhancing their environment by initiatives promoting the production and consumption of environmentally sound products, and with programs to encourage recycling.

Legislation will also be introduced to ensure an appropriate environmental assessment review process.

A Caring Nation

Canada's social policies touch the lives of all Canadians. These programs and services give shape and substance to the special quality of Canadian life. And they reflect the distinctive values that give to the Canadian people their sense of uniqueness.

In responding to future challenges and needs, Canada's social goals and programs will continue to be determined in Canada and by Canadians, in conformity and harmony with values they have historically nurtured.

My government believes fundamentally in those social benefits which support the family and the elderly, while recognizing the need to direct more assistance toward those with low incomes.

The government remains committed to a national child care program.

My government will continue its initiatives to reduce violence in the family and the abuse of children. It will renew its fight against AIDS and drug abuse. It will encourage research into diseases associated with aging, so destructive of human dignity and family life.

My government will introduce further legislation to reform Canada's legal system and sentencing practices. This will require a review of the current Young Offenders Act in order to ensure that it better protects the rights of society, while advancing the rehabilitation of young offenders.

My government is considering the implications of the latest jurisprudence of the Supreme Court of Canada on the subject of abortion, so as to carefully weigh the appropriate course of action in relation to this sensitive matter.

Advances in medical and biological science have created in Canada, as in other countries, a variety of new reproductive technologies: artificial insemination, in vitro fertilization, embryo transfer and surrogate parenting. There is concern that these scientific advances will outpace our ability to deal with their moral, ethical, legal and social implications. My government will therefore mandate a royal commission to inquire into the implications of new reproductive technologies for Canadian society.

[The Hon. the Speaker.]

Canada's International Role

Canadians are, by vocation, world citizens. They helped form the United Nations, and are among its most creative and consistent supporters. Forty years ago this week, Canada played a pivotal role in the creation of the North Atlantic Treaty Organization. Canada retains that active commitment to freedom and to Europe. Canada is active in the Commonwealth, la Francophonie, the Economic Summit, GATT, and in other initiatives to improve the standards and security of the international community.

Canadians prize freedom and tolerance at home, and pursue those values in the world.

My government will continue to take a strong stand in defence of human rights. It will continue to be among the leaders in peacekeeping, in international development, in strengthening international organizations, and in relieving the devastation of famine or of natural disaster. It will apply firmly and fairly the new legislation on refugees, and will expand overall immigration levels.

We are a northern nation, proud of our arctic frontier, and determined to work with our northern allies and neighbours to develop a new co-operative ethic in the Arctic.

Canada is the immediate neighbour of both superpowers, and my government will apply Canada's influence to increase understanding and co-operation between East and West. The government will continue its support of progress toward the reduction and control of arms, and will continue to help resolve regional disputes.

Modern economic, social and environmental realities draw the world together dramatically. In these new circumstances, Canada has special contributions to make, and legitimate interests to advance and defend.

Canada's efficient agricultural producers cannot compete fairly in a world in which trade-distorting subsidies wreak havoc with market disciplines, while bringing undue pressure to bear on the nation's treasury.

Canadians who fish for a living find their catches reduced by predatory over-fishing outside the 200-mile limit, where Canadian regulations cannot be enforced. My government will intensify its international efforts to put an end to these practices.

Canada's National Identity

Canadians define who they are—as a people—by what they have done.

Today, Canada stands as one of the most dynamic, peaceful and promising nations in the world. This has been achieved by a people who have placed the highest priority on the need for tolerance, compassion and fairness. Canadian society cares about the quality of its national life, its health, education, human welfare and environment. Canadian values, formed and developed by Canadians, have produced a unique national identity of which Canadians are justifiably proud.

This has been the exceptional achievement of little more than a century of history. The people of Canada, therefore, have cause for celebration. My government has invited the participation of all the provinces and territories in planning Canada's 125th birthday in 1992.

The same year will mark the 350th anniversary of the founding of Montréal.

Canadians are justifiably proud of their cultural industries—distinctive, creative and increasingly recognized worldwide. My government will continue its commitment to the growth and development of Canada's cultural life, to this nation's linguistic duality, and to its rich and diverse multicultural heritage. It will improve the distribution of Canada's cultural products in broadcasting, film and video. It will propose legislation to further improve the laws on copyright.

My government will introduce a revitalized citizenship act. Legislation will be introduced to establish a Canadian race relations foundation. By this initiative, my government intends to emphasize the need for all Canadians to support and encourage racial harmony.

The state and condition of Canada's political institutions, which represent the bulwark of our democracy, require constant interest and concern. My government will build upon the recent achievements in the field of parliamentary reform. You will be asked to legislate new conflict-of-interest standards for parliamentarians.

My government will appoint a commission of inquiry to make recommendations for needed changes and reforms to the electoral laws.

Conclusion

During the remaining years leading to the 21st century, challenge and opportunity alike will become a familiar part of the daily life of the people of Canada. The challenge will be to the nation's strength of purpose, to its will to persist and to prosper, to its resolve to be worthy of its special heritage and history, and to its determination to promote economic development in a manner consistent with a safe and wholesome environment.

As a strong, skilled and confident people, Canadians will find a greater place in world commerce and trade, in technological innovation, and in scientific development and discovery. The first task for my ministers will be to help prepare the way for this viable and dynamic Canada.

My government's priorities are firm, and its determination to pursue the plan started four years ago is unflinching. My government's task is to be ready for the challenges ahead as Canadians move toward a new century.

Ladies and Gentlemen, Honourable Members of the Senate, Ladies and Gentlemen, Members of the House of Commons:

May Divine Providence guide your deliberations.

The House of Commons withdrew.

Her Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION AT NEXT SITTING

The Hon. the Speaker: Honourable senators, I have the honour to inform you that Her Excellency the Governor General has caused to be placed in my hands a copy of her Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this Speech be taken into consideration?

Hon. C. William Doody (Deputy Leader of the Government) moved:

That the Speech of Her Excellency the Governor General, delivered this day from the Throne to the two Houses of Parliament, be taken into consideration at the next sitting of the Senate.

Motion agreed to.

COMMITTEE ON ORDERS AND CUSTOMS

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

That all the Senators present during this Session be appointed a Committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said Committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. C. William Doody (Deputy Leader of the Government) moved:

That pursuant to Rule 66(1), the Honourable Senators Corbin, Denis, Doody, Frith, Lewis, Macdonald (*Cape*

Breton), Nurgitz, Petten and Phillips be appointed a Committee of Selection to nominate (a) a Senator to preside as Speaker *pro tempore*; and (b) the Senators to serve on the several select committees during the present

Session; and to report with all convenient speed the names of the Senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, APRIL 4, 1989

COMMITTEE OF SELECTION

356-SWhen the Senate rises

- *Organization meeting for the purpose of choosing a Chairman (Pursuant to Rule 69);*
- *Nomination of a Senator to preside as Speaker pro tempore;*
- *Nomination of the Senators to serve on select committees.*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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THE SENATE

Tuesday, April 4, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

[Translation]

GENTLEMAN USHER OF THE BLACK ROD

APPOINTMENT OF RENÉ GUTKNECHT, ESQUIRE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received a certified copy of Order in Council P.C. 1989-366, dated March 6, 1989, appointing René Gutknecht Gentleman Usher of the Black Rod, effective March 20, 1989.

[English]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I should like to take this opportunity to welcome Lieutenant-General Gutknecht to our chamber. He has had a long and illustrious career of service to his country, and we are indeed pleased to see him join us. I was impressed with his activities yesterday; he looked very much the model of a Senatorial Black Rod.

We are very pleased, sir, and hope you have a long and happy career with us here.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on behalf of our side I wish to join Senator Doody in what he has said and to tell our new Black Rod that, as Senator Doody mentioned, we were impressed by—in fact, I would say very proud of—by his performance yesterday. It was appropriate that he came to us at a time when Parliament was opening and had a chance to “bite the bullet” on his first day. He did so very well indeed that no one would have known that he had not been at the job for at least a decade.

Hon. Senators: Hear, hear!

[Translation]

THE LATE HONOURABLE DONALD CAMERON

TRIBUTES

Hon. Jacques Flynn: Honourable senators, I believe it is appropriate to put on the record of this Chamber the sorrow that all honourable senators felt on learning of the death on February 14 of our former colleague, Senator Donald Cameron.

When Senator Cameron retired in October 1987, we then had the opportunity to pay tribute to his brilliant career in teaching and politics. Thus, there is no need to repeat here what we said at that time.

I only want to say again that the turning point in the teaching career of Senator Cameron is certainly the Banff School of Fine Arts and that here in the Senate, he made a very special contribution in the areas of teaching, obviously, of transportation and also of Western Canada economy. He was a champion of the solution to Western Canada's economic problems.

I would extend to his daughter the condolences of the group sitting on the Speaker's right; we no doubt share exactly the same feelings of all those seated in this Chamber.

[English]

Hon. Earl A. Hastings: Honourable senators, on behalf of his colleagues on this side of the house I should like to join the Honourable Senator Flynn in paying tribute to the memory of Senator Donald Cameron, who died at Calgary on February 13 last. As Senator Flynn has indicated, we paid tribute to Senator Cameron's service to Alberta, to Canada and to this Senate on the occasion of his retirement in 1987. I think I can do no better today than to place on the record of this house the views of Mr. Bill Gold of the *Calgary Herald*, who on the occasion of our colleague's death wrote the following:

When Donald Cameron is buried in Banff this afternoon Alberta will be saying goodbye to one of its most creative people and a major figure in provincial history.

He was nearly 88 years old when he died a few days ago, but Cameron was one of the most truly modern men ever to toil in our midst, and we profited mightily from his presence and the work he did.

To a great extent, the Banff Centre *is* Donald Cameron. Younger people who thought of him mainly as an aging senator until his retirement a few months ago were wrong.

They weren't around during the 30-odd years when he almost single-handedly created the centre and ran the place. Those efforts set the stage for the eclectic institution of today, and an international reputation in fields as diverse as television programming, fine arts production, and the techniques of advanced business/government management.

His legacy is enormous.

Honourable senators, there has been placed in the Banff School of Fine Arts a suitable memorial to Donald Cameron, B.Sc., M.Sc., LL. D.

His motto, “Make no small plans: they hold not magic to stir men's blood”, shaped his own pioneer work in developing the Banff Centre into a national and interna-

tional institution and it continues as an inspiration to the many artists and administrators who carry on his work.

With those words, honourable senators, I pay tribute to a son of Alberta who has left our midst.

Hon. Senators: Hear, hear!

POVERTY IN CANADA

SENATE REPORT ON POVERTY—POVERTY LINE UPDATE, 1987
TABLED

Hon. David A. Croll: Honourable senators, I wish to table the Seventeenth Senate Report on Poverty entitled: "Poverty Line Update—1987".

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Document tabled.

THE SENATE

DR. GARY O'BRIEN, DIRECTOR OF COMMITTEES—FELICITATIONS
ON CONFERRAL OF Ph.D.

Hon. Royce Frith (Deputy Leader of the Opposition): I should like to advise honourable senators of an event in which I know we will all rejoice. On March 9 Gary O'Brien, the Director of Senate Committees, was successful in his Ph.D. examinations at Carleton University. His major fields of study were Canadian government and political theory. His doctoral thesis was Pre-Confederation Parliamentary Procedure, 1792-1866. His supervisor was an old friend and classmate of mine at the University of Toronto, Professor Kenneth D. McRae of Carleton University. I hope honourable senators will permit me to express on their behalf our congratulations to Dr. O'Brien.

Hon. Senators: Hear, hear!

TRANSPORT

NEWFOUNDLAND—WITHDRAWAL OF AIR CANADA SERVICE
FROM STEPHENVILLE—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, April 6, 1989, I will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the town of Stephenville, in the district of Humber-St. George's-St. Barbe in the province of Newfoundland, effective June 17, 1989.

[Translation]

DEMOGRAPHIC EVOLUTION IN CANADA

CAUSES AND CONSEQUENCES—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Tuesday next, April 11, 1989, I will call the attention of the Senate to a research study on demographic evolution in Canada, its causes and consequences.

[Senator Hastings.]

[English]

NATIONAL DEFENCE

APPOINTMENT OF SPECIAL COMMITTEE—NOTICE OF MOTION

Hon. Henry D. Hicks: Honourable senators, I give notice that on Wednesday next, April 5, 1989, I will move:

That a Special Committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including Mobile Command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 30 June, 1989.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—TERMINATION OF DEBATE ON EIGHTH
SITTING DAY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(i), I move:

That the proceedings on the Order of the Day for resuming the debate on the motion for an Address in reply to Her Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

The Hon. the Speaker: Is leave granted honourable senators?

Some Hon. Senators: Agreed.

Hon. Henry D. Hicks: Honourable senators, I should tender my apologies to the Deputy Leader of the Government for rushing in ahead of him, before his motion relating to the Address in reply to the Speech from the Throne.

Senator Doody: It was not the order of precedence I was concerned about; it was the subject matter that I was attempting to absorb.

Motion agreed to.

QUESTION PERIOD

FISHERIES

CANADA-FRANCE NEGOTIATIONS—TERMS OF AGREEMENT— NORTHERN COD—TERMS OF ALLOCATION TO FRANCE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have a “caring” question for the Leader of the Government under the rubric of the caring nation. That is one of his literary inventions, no doubt.

As honourable senators know, this chamber has been greatly interested in the Canada-France fisheries negotiations, and I understand that a settlement has now been reached. I have one or two questions to ask the Leader of the Government today, and I should like possibly to ask further questions after I look at the settlement itself and the notes that have been exchanged between the governments of Canada and France. Can the Leader of the Government give us a copy of the settlement that has been reached and tell us whether that settlement is identical with the notes that we are advised have been exchanged between Canada and France, or are these separate documents?

• (1410)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, to be more precise, there has been an agreement which will allow the matter to go to arbitration by an international tribunal. I shall have to inquire whether there is available the kind of documentation the honourable senator is looking for, such as notes between Canada and France. I do not have those with me today in any case.

Senator MacEachen: Honourable senators, I understand there has been a settlement on interim quotas between the two countries. It is true that the arbitration of the boundaries is to take place within the period of three years, but there are interim quotas now established. The press release does not mention the amount of the quota of northern cod allocated to France. Can the minister tell us the tonnage of northern cod, which for the first time ever has been allocated to France as a separate allocation, and whether that allocation expires at the end of the three-year arbitration period, or is it an indefinite allocation that will continue on into the future after the boundaries have been set?

Senator Murray: Honourable senators, I will try to obtain that information from my colleague and convey it to the Senate tomorrow.

CANADA-FRANCE NEGOTIATIONS—LENGTH OF ARBITRATION— CANADIAN MEMBERS OF TRIBUNAL

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, there is one other thing. I note that five presumably eminent judges have been appointed to undertake the arbitration. Can the minister tell us why such a long period is set aside for the arbitration, namely, three years, in view of the urgency that is associated with the settlement of the

boundaries? Presumably, a settlement will increase Canadian jurisdiction over the disputed zone and permit Canada to regulate the current overfishing in that zone. Why was it decided to take such a leisurely pace in reaching a conclusion to a matter which is of urgent importance, particularly in Newfoundland? That is my first point, and maybe the minister will want to take that as notice.

Secondly, can the minister tell us—maybe by way of tabling their *curriculum vitae*—who these persons are who are entrusted with this important Canadian interest? We know that Mr. Gotlieb is a member of the tribunal. I certainly think that he is well qualified and will speak skilfully on behalf of Canada, but I do not have any information on the backgrounds of the others. Could the minister give us some information on that?

Senator Frith: Simon Reisman is between engagements!

Senator Marshall: He started a war!

ELIMINATION OF PREDATORY OVER-FISHING—GOVERNMENT EFFORTS

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, concerning the fisheries, and having given these questions as notice to the minister, I wish to raise another point in the Speech from the Throne that attracted my attention. It is found under the heading of “Canada’s International Role”. In fact, the only definite point made in that full page referred to over-fishing outside the 200-mile limit where Canada’s regulations no longer apply. I was gratified to note that the government will intensify its international efforts to put an end to all of these practices. However, I wonder what international efforts the government is referring to. Is Canada now seeking international agreement to extend the 200-mile limit, as was done pursuant to the Law of the Sea? In other words, what are these efforts that the government will now intensify? Perhaps the Leader of the Government can give us some information tomorrow.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I will be glad to do that, honourable senators.

AGRICULTURE

GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES— GOVERNMENT POSITION, ROLE AND ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Honourable Leader of the Government in the Senate if he can help the farmers in the part of Canada I represent to deal with, or at least to understand, one of the most important issues that they are facing today—namely, some stability and perhaps some strengthening of the price of grain, inasmuch as those same farmers are about to plant their 1989 crop.

I would draw to the attention of the Leader of the Government that I did raise this matter back in December. At that time there had been a meeting of the GATT in Montreal to discuss the question of agriculture and the price of grain in an

attempt to reach some agreement so that the United States and the European Economic Community could cease their so-called subsidy war that was constantly keeping the international price of wheat, in particular, severely depressed. It is my information that, since an agreement could not be reached in Montreal, the matter was in fact deferred until April, when a meeting was to be held in Geneva.

Honourable senators, it is now April and we are still unaware of what the Canadian position is in this respect. I know the minister cannot speak for Europe or for the United States. However, in the past Canada has played a very important role in finding some common ground so that our own producers do not suffer the economic hardship and depression that, in fact, we have gone through for the past three or four years while these two economic units have been fighting their subsidy war.

I would point out to the Leader of the Government in the Senate that the important part of my comment is that now, some three or four months after that initial meeting in Montreal, we are still unaware of what the Canadian government's position will be in these negotiations. I see that the Leader of the Government is shaking his head. I would advise him that the Canadian delegation is presently in Geneva and is, in fact, taking part in the discussions that are going on.

As I said, in the past Canada has played a very important role as an honest and influential broker in these kinds of disputes. Perhaps the Leader of the Government in the Senate could advise us today whether or not the Canadian delegation is undertaking such a role, since this matter is of extreme importance to a large part of western Canada. If he is unable to do so, perhaps he could find out from the minister directly responsible what Canada's position and action will be on this important matter.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the fact that the subject matter is on the GATT agenda at all is largely due to the efforts of Canada, since Canada's Prime Minister also succeeded in putting the question of agricultural subsidies on the agenda for the meeting of heads of government some months ago. Canada has also been very active in the Cairns Group, as the honourable senator knows, in attempting to work towards solutions to these very complex problems.

As the honourable senator has indicated, meetings have now been resumed under the auspices of the GATT in Geneva. I have been informed that some proposals have been put on the table by Mr. Dunkel, who is, I believe, the Secretary General of GATT. These proposals are now being discussed, but I cannot report at the moment that there has been any further progress. We do know that failure to make headway on the question of agricultural subsidies—as, indeed, is the case with textiles and intellectual property rights—would seriously compromise this whole GATT round, if not derail it altogether. So, not merely from the point of view of an agricultural producing nation but as a trading nation we have a very large stake in achieving some solution. I assure the honourable senator that

Canada continues to provide leadership on this subject in the GATT and in other international fora.

● (1420)

Senator Olson: Honourable senators, I have a supplementary question. Mr. Yeutter, as the then chief negotiator for the United States, but who has since been appointed Secretary of Agriculture in the new Bush Administration, is reported to have said in Montreal that, unless Europe agreed to eliminate all agricultural subsidies by the end of the 1990s, they were not willing to negotiate anything else and, particularly, they were not willing to negotiate any change in the grain export subsidies. As yet we have not heard from Canada or the Canadian delegation as to whether or not they considered that demand to be reasonable or unreasonable. I happen to believe that in terms of getting a commitment from Europe the demand was so unreasonable that they knew very well that there would be no movement whatever. However, we have still not heard from Canada as to what position we are taking on the demands that were made at the meeting in Montreal.

Senator Murray: Honourable senators, whether the demand was reasonable or unreasonable, it moved nowhere.

Senator Olson: That is right, and that means it was unreasonable!

Senator Murray: So that is the end of it. Possibilities are now being discussed at the GATT, and I suppose one of the possibilities would be a freeze on present subsidies followed by, or as an alternative, a "phase-down" in agricultural subsidies. I do not think that this is the kind of subject on which I can usefully extemporize at this time. There is a range of options now on the table before the delegates at the GATT meetings in Geneva, and I am sure the honourable senator shares the hope of the government that we will make some headway on this matter in the next little while.

Senator Olson: Honourable senators, I have a supplementary question. That is exactly what we want to know. The producers in this country have a right to know what those options are. The minister has just said that there is a range of options on the table. Will the minister give an undertaking to bring to the Senate an articulation of those options so that the producers, who, as I said, are so vitally and profoundly concerned with this matter, will know what they are?

Senator Murray: Honourable senators, I shall ask my colleagues to convey to me, so that I may convey to the honourable senator and to the Senate, all the information that can properly be made public on this matter at this time.

CANADA-UNITED STATES FREE TRADE AGREEMENT

RESULTANT JOB LOSSES IN CANADA—REQUEST FOR COMPARATIVE U.S. STATISTICS

Hon. Raymond J. Perrault: Honourable senators, during the last election campaign the Prime Minister of Canada toured this nation and assured Canadians that there would be mag-

nificant results ensuing from the trade arrangement made between Canada and the United States. We were assured that there would be a vast increase in the number of jobs. The Prime Minister issued caution, however, that there would be "adjustments" on both sides of the line, saying that that is "normal and understandable". I would like to read to the Senate today the list of Canadian "adjustments" made to this point. I will then ask the Leader of the Government—and I will give him advance notice of this—to provide us with a comparable list of American "adjustments" south of the border.

I want to put this squarely on the record: The government undertook to protect the workers of Canada against the adverse effects of this trade arrangement. And Liberal members in the Senate and the House of Commons pledged that they would monitor the effects of the trade deal.

I see the Leader of the Government hastily going through some notes which he has been sent by Statistics Canada. I understand that. He almost seems to be in a state of panic. Well, there are many workers in this country as well who are in a state of panic. Up to this time an estimated 25,000 Canadians have lost their jobs because of this trade deal.

The list of jobs lost or pending since the election is as follows:

Gillette, Montreal, November, 590 jobs;—

Senator Flynn: Have you given Notice of Inquiry?

Senator Perrault: You are so desperately afraid of the facts, Senator Flynn. You have not changed in 20 years. "Don't confuse me. My mind's made up!" is the Flynn family motto.

Gillette of Montreal said, "We felt it more appropriate to make the announcement after the election because we felt it might have affected the election result." They were darned right that it would have affected the election result.

The list goes on:

Jarman Inc., Lachine, Quebec, 50 jobs;

Ortho Diagnostic Systems, North York, November, 16 jobs;

Pittsburgh Paints, Toronto, November, 139 jobs;

Northern Telecom, Aylmer and Belleville, December, 875 jobs;—

Some Hon. Senators: Shame!

Senator Perrault: The list continues:

Chrysler Canada, Ajax, Ontario, 430 jobs;

Bell Northern Research, Toronto and Ottawa, 58 jobs;

Canadian Imperial Bank of Commerce, 1,000 jobs;

Taurus Shoes of Contrecoeur, Quebec, January, 100 jobs;

Canadian Tire Corp., January, 335 jobs;

Council of Furniture Manufacturers, 3,500 lost jobs over the next five years are projected;

Allergan Pharmaceuticals, Montreal, January, 62 jobs;

Honourable senators will remember the pharmaceutical companies who appeared before the Senate committee and

said, "If you give us this deal on patent protection, we will move heaven and earth to bring more research to Canada. We will set up research facilities in Ontario and Quebec." Now we have one of the major pharmaceutical companies saying, "Sixty-two jobs are lost, boys. That is the trade deal for you. There have to be adjustments."

The list goes on:

Kraft, Montreal, 290 jobs;

Trion Canada, Kitchener, 25 jobs;

Northern Telecom Electronics Ltd., Nepean, Ontario, 60 jobs;

Steven's Control System, Renfrew, Ontario, 49 jobs;

Storwal International, Pembroke, Ontario, 100 jobs;

CNR, Fort Erie, Ontario, 124 jobs;

Warnaco, Montreal, 140 jobs;

Dominion Textile, Sherbrooke and Beauharnois, February, 425 jobs;

Celanese Canada, Millhaven, Ontario, February, 108 jobs;

Inglis, Toronto, Whitby and Cambridge, Ontario and Montmorency, Quebec, 870 jobs.

Senator Haidasz: Shame!

Senator Perrault: Think of it! Some of the newly unemployed may have even voted Conservative out of some sort of misunderstanding about what the Prime Minister had in mind for them.

The list continues:

Albright and Wilson Americas Inc., Long Harbour, Newfoundland, 290 jobs—and I am sure the senators from Newfoundland know about this;

Warner-Lambert, Brockville, Ontario, 35 jobs;

Alcan Canada Inc., Mississauga, Ontario, 35 jobs;

Ivaco Inc., Dunnville and Ingersoll, Ontario, 350 jobs;

Sysco Steel of Nova Scotia, 160 jobs, and that figure could go to 700 or 800;

Kelsey Hayes, Windsor, Ontario, February, 231 jobs;

Freedland Industries, Windsor, Ontario, 235 jobs;

Echlin Canada, Rexdale, Ontario, 100 jobs;

Fletcher Challenge, Lumby and Williams Lake, B.C., December and January, 235 jobs;

Ogilvie Mills, Winnipeg, February, 90 jobs;

Canada Packers, Winnipeg, December, 107 jobs;

Central Guarantee Trust of Halifax, Montreal and Toronto, 91 jobs;

Simpson's, Montreal and St-Bruno, Quebec, 1,100 jobs;

Wardair, 1,000 jobs;

The large breweries merger, 1,400 fewer jobs over the next three years have already been announced and another 2,600 are said to be projected. Understandably, this amalgamation of the breweries has taken place to

enable that industry to be more competitive with American products in the U.S. market and in Canada;

Texaco, 1,000 jobs;

Bathurst takeover, 1,000 jobs projected;

Canadian Printing Industries Association, 2,100 jobs projected;

Fiber Glass Canada, British Columbia, 180 jobs;

Forsyth Shirts, Quebec, 170 jobs;—

An Hon. Senator: Dispense!

● (1430)

Senator Perrault:

Canadian Airlines, in March, 500 jobs;

Southam, January, 900 jobs;

Fletcher Challenge, B.C., 420 jobs;

Novastran, New Brunswick, 50 jobs;

Beverage Central and Starlite, Saskatchewan, January to March, 46 jobs lost;

Various northern Ontario sawmills, 900 jobs;

Dofasco of northern Ontario, March, 700 jobs;

Nortel of Brampton, Ontario, March, 100 jobs;

Midas, 90 jobs;

Geoffrion-Leclerc/Levesque-Beaubien, 300 jobs;

Arnold Manufacturing of Windsor, Ontario, 100 jobs;

Douglas Inc. of Alberta, 420 jobs;

Duo-Matic/Olsen Inc., Tilbury, Ontario, November, 59 jobs;

John Deere Limited of Welland, Ontario, December, January, February, March, 161 jobs lost;

Lear Siegler Industries Ltd. of Kitchener, Ontario, January, 199 jobs;

Libbey St. Clair Inc., Wallaceburg, Ontario, December, 123 jobs;

Libbey-Owens-Ford of Canada Ltd., Lindsay, Ontario, January, 187 jobs;

Trailmobile Group, Brantford, Ontario, November, 111 jobs;

Greening Donald Co. Ltd. of Hamilton, Ontario, December and January, 3 jobs;

Samsonite (Division of E-11 Consumer Products), Stratford, Ontario, November and December, 86 jobs;

Andrew McNiece Limited, Cambridge, Ontario, November and December, 56 jobs;

Atwell Fleming/Young Ltd., Toronto, Ontario, December, 55 jobs;

Canron Inc., St. Thomas, Ontario, November, 104 jobs;

Cecutti's Bakeries Ltd., Sudbury, Ontario, January, 113 jobs;

Drug Trading Company Ltd. of Hamilton, Ontario, November, 62 jobs;

[Senator Perrault.]

Ford Motor Company of Canada, Windsor, Ontario, December, 180 jobs;

Fruehauf Canada, Mississauga, Ontario, December, 74 jobs;

Long Manufacturing Ltd. of Oakville, Ontario, March, 278 jobs lost;

MacMillan Bloedel Ltd., Thunder Bay, Ontario, January and February, 85 jobs;

Monarch Fine Foods, Scarborough, Ontario, March, 66 jobs;

Nu-Kote Canada Inc., Scarborough, Ontario, November, 119 jobs.

An Hon. Senator: That's terrible!

Senator Perrault: He's laughing! Tories are laughing. It is not funny to the people laid off. The humour escapes the unemployed.

Then we have the notice in the Speech from the Throne, the clear message that unemployment insurance benefits are going to be reduced and changed.

An Hon. Senator: Is this Question Period?

Senator Perrault: The key words are that we are always going to make unemployment insurance "more efficient" and "more meaningful". Translation? A reduction in payments to the people least able to afford those reductions.

Square D Canada Electrical Equipment, Arnprior, Ontario, November, 70 jobs;

The Great A & P Co. Ltd., North Bay, Ontario, November, 521 jobs;

Amway Corporation, Toronto, March, 80 jobs.

The list goes on and on and on. I will not bore you with more names. However, let me tell you this: I had a telephone call two weeks ago in Vancouver in which I was told that an electronics manufacturer in Nanaimo was going out of business, and, like the honourable senators on both sides of this chamber, I am concerned about the industries of my province. I telephoned them and I said, "I am sorry to hear you are going out of business." "Oh," I was told, "we are not going out of business. We are moving everything down to Arkansas. We are going to move it all down to Arkansas."

In the four months since the election over 25,000 Canadians have been laid off or told that their jobs will be going soon. This is as many as the trade deal is supposed to produce each year, according to the Finance Department projections. Canadians have still seen very few job gains since the trade deal was signed.

I should like to give honourable senators the background of the figures that I have recited. Some of these figures are projected, as I noted when I read them to you. Some of them are not tied directly to the trade deal because the case is too tenuous to make.

Some Hon. Senators: Oh, oh!

Senator Perrault: No. I am being fair with you. Some of the job losses and projected losses are directly connected. For some

of them there is no positive evidence. Certain managements will say, "This is a rationalization to improve our competitiveness." However, the fact is that there have been all of these jobs lost in provinces from coast to coast, in communities where those jobs are absolutely essential to the prosperity of the area. And what of the affected workers?

Again, I want to ask the Leader of the Government today to provide us with a list of those "adjustments" that have been made by industry on the other side of the line. What U.S. industries can produce statistics comparable to the list I have read to the Senate chamber this afternoon?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Perrault has simply confirmed the notice that was given some weeks ago by the finance critic of the official opposition, the honourable Roy MacLaren, as to the future strategy of his party on this matter. He was quoted as having said, "Every sparrow that falls is going to be blamed on the U.S.-Canada Free Trade Agreement."

Honourable senators, earlier this afternoon two of my colleagues, Senator Marshall and Senator David, under Notices of Inquiries, gave notice that in due course they will make speeches on matters that are of interest and concern to them. That is a procedure I would commend to Senator Perrault. Meanwhile, I decline to join him in the gross abuse of the rules and the patience of the Senate that he has perpetrated this afternoon.

Senator Perrault: Is it a terrible abuse of the time of the Senate to put on record the job losses by Canadian workers coast to coast in this country?

There was not one shred of a reply to the question I posed, namely, "Can you name one U.S. industry that has been adversely affected to this point by the Free Trade Agreement?" Give us the names of even six American companies that have closed down or have reduced their work forces because of Canadian competition. This is a question that the government should be able to answer. It should be monitoring this agreement. It said it was going to monitor this agreement.

THE GOVERNMENT

ADHERENCE TO ELECTION PROMISES

Hon. Raymond J. Perrault: I should like to ask the Leader of the Government this question, and perhaps he can muster up the courage and candour to answer it: During the election campaign we heard not one reference to the debt or the deficit, yet that is all we heard about in the Speech from the Throne. We will be given a proper occasion to debate this, but I am suggesting to honourable senators that this government was elected under false pretences on several counts, and it is our responsibility to bring that to the attention of the Senate.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my honourable friend was quite insensitive, obviously, to what was happening during the election campaign. I can

cite him chapter and verse and send him documentation on very important speeches that were made by the Minister of Finance and others during the election campaign about the necessity of fiscal discipline and the necessity to reduce the deficit in the interest of continuing the excellent economic growth that we have had in this country over the past four years.

But as the honourable senator has suggested, these are matters for debate. I trust we will be hearing from him at greater length during the debate on the Address in reply to the Speech from the Throne.

Senator Perrault: The Leader of the Government talks in terms of speeches made during the campaign urging fiscal and financial responsibility.

The Prime Minister dropped several billion dollars worth of promises from coast to coast in this country. The Leader of the Government is well aware of that. There was the \$6.4 billion child care program, which was, in fact, an absolute phony. It got to the Senate so late that there was not time for proper action. There was a billion dollars for the Atlantic Canada Opportunities Agency; \$1.2 billion for the Western Diversification Initiative; \$2.6 billion in federal funding and assistance for Hibernia, and on, and on, and on, including all of the promises made to secure a by-election win in the province of Quebec, but now we are hearing about restraint.

Senator Murray: Honourable senators, again, this is a matter for debate, but the regional agencies to which my honourable friend has referred were announced by the Prime Minister a year and a half before the election campaign was launched.

Respecting promises, I should have thought that the honourable senator would blush when he talks of the costing of political promises made during the election campaign. Need I remind him of the spectacle that ensued when the leader of his party and his advisers tried to estimate the cost of their own child care program during a news conference held in Montreal? Need I also remind him of the estimate put on Liberal campaign promises by outside sources, such as the Conference Board of Canada and the C.D. Howe Institute, midway through the campaign?

As the honourable senator has suggested, these are matters for debate, and I would be glad to join the honourable senator in debating them at the appropriate time, which is not, I remind him, during Oral Question Period.

● (1440)

Senator Perrault: One essential difference between my party and yours is that the party on the other side of the chamber won the election on the basis of the commitments, pledges and promises it made to the Canadian people. There is a gulf between the promises made in that election campaign and what we heard yesterday in the Speech from the Throne.

Senator Murray: The gulf is in the honourable senator's mind.

THE GOVERNMENT

POLICY ON USE OF "NATIONAL" IN NAMES OF INSTITUTIONS

Hon. Daniel A. Lang: If I may, I would like to return to Question Period!

Senator Haidasz: Go ahead.

Senator Lang: Before I do so, I hope the Senate will indulge me in offering congratulations on behalf of all of us to the Deputy Leader of the Government (*sic*) in this chamber, who has been nominated today by a prominent capital newspaper as the most sexy politician in Ottawa.

Hon. Senators: Wow!

Senator Lang: I must say that is a quality that had escaped my notice in all my years of acquaintanceship.

Senator Marshall: You said the deputy government leader; it should be the deputy opposition leader!

Senator Frith: Thank God for that!

Senator Lang: He is being promoted now!

Senator Cools: Royce is not nearly as sexy as that.

Senator Lang: Congratulations to the Deputy Leader of the Opposition.

Senator Marshall: Take a bow.

Senator Frith: Aw, shucks!

Senator Lang: Honourable senators, may I preface my question to the Leader of the Government by saying that I feel very much as Will Rogers, the famous American comedian, must have felt—you know, being an independent, all I know is what I read in the newspaper.

An Hon. Senator: You don't know very much!

Senator Lang: In the newspapers in Ottawa I have found that the federal government plans to remove the word "national" from the French version of the names of some federal museums, including the National Museum of Science and Technology and the National Aviation Museum. Now, honourable senators, I think I may detect some sort of phobia among francophone Quebecers because the minister responsible for museums, Marcel Masse, made a decision to change the French names, as was said by John Edwards, secretary-general of the National Museums Corporation.

Some Quebec francophones may resent the word being applied to Canada. Frankly, honourable senators, I resent the removal of the name "national"—

Some Hon. Senators: Hear, hear!

Senator Lang: —as in the past I resented the removal of the name "dominion".

Senator Macquarrie: Hear, hear!

Senator Lang: I think there is a time when resentment should not be the theme of this debate.

To state my question, is it true, Mr. Leader of the Government, that it is the intention of the government to change the

[Senator Murray.]

names of those institutions by removing the word "national" from the French name, and, if so, why?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I had thought that this unfortunate process was already well under way when the previous government settled upon a formulation, which, in my opinion, does violence to both the English and French languages by renaming the Department of National Health and Welfare as Health and Welfare Canada, or the Department of National Revenue as Revenue Canada, which in many ways would be meaningless terms to an outsider. I shall have to make inquiries about the report that the honourable senator has cited. I will advise in due course.

Senator Lang: May I ask a supplementary to that question? It is again reported in this newspaper, the *Citizen*, that changes will be part of legislation to be introduced soon dissolving the National Museums Corporation. I should like to ask the Leader of the Government is that so, and, if so, does the government intend to remove that word "national" from such nomenclature as the National Film Board, "The National" on the CBC, the National Capital Commission—

Senator Perrault: It is ridiculous.

Senator Lang: —and Canadian National Railways? What about National Defence, National Energy Board and National Research Council? Now, let us get into the international field and talk about the United Nations and the Commonwealth of Nations. Are they going to try to remove those from the national nomenclature? Are we anglophones lining up against some sort of schizophrenia in Quebec that is becoming offensive to those of us who do not understand the psychopathy involved?

Senator Murray: Well, honourable senator, the same answer applies to the second question as applies to the first. So far as the wind-up of the National Museums Corporation is concerned, that is a matter of settled government policy, and I do believe there was a bill on the order paper to that effect at the time of dissolution.

Senator Frith: Maybe we will not have the "national" debt any more; it will be "debt Canada" and "deficit Canada"!

FINANCE

FISCAL YEAR 1988-89 AND 1989-90—PROVISION OF FUNDS

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate. Is it the intention of the government to expend public money for any purpose normally provided for by Parliamentary appropriation in the fiscal year 1989-90 before a bill to appropriate that money has been passed by Parliament? Put in other language, has provision been made by Governor General's warrants for any part of the expenditures to be made in the fiscal year 1989-90, and, if so, for how many weeks or months and in what amount?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, subject to correction, I believe that there is a Governor General's warrant which expires in mid-May. I do not have the amount at my fingertips.

Senator Stewart: It would be helpful to have the amount and so on.

Now I should like to ask the Leader of the Government in the Senate if the government has borrowed money for either 1988-89 or 1989-90 on the basis of any authority other than the Borrowing Authority Act, 1987-88 and the Borrowing Authority Act, 1988-89? If so, what authority or authorities were used, and in each case what was the amount borrowed and the dates of the borrowing? I do not expect the Leader of the Government to have the information right now.

Senator Murray: As the honourable senator is aware, those are normally questions that would be put on the order paper, but I shall take them as notice and provide a reply shortly.

ABORTION

RIGHTS OF UNBORN—LACK OF GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I think it was appalling and indeed intolerable that there was nothing in yesterday's Throne Speech pertaining to definite government legislation in this session of Parliament dealing with the tragedy of crimes against the foetus, and that on the subject of abortion legislation this government's only announcement in the Throne Speech was more stalling, after a year and three months of indecision.

Senator Perrault: Shame!

Senator Haidasz: I should like to ask the Leader of the Government in the Senate: When is this government going to show moral courage and decisive leadership by announcing a definite date for the introduction of legislation to protect the right to life of the unborn and to stop this killing of 200 innocent human lives every day in this country?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the government made an earnest effort in the course of the last Parliament—

Senator Perrault: Earnest effort!

Senator Murray: —to obtain the necessary consensus of Parliament that would enable us to proceed with legislation. Absent that consensus, I cannot see how legislation could have proceeded. As the Throne Speech indicated yesterday, we are now considering the situation in the light of the latest jurisprudence on the subject from the Supreme Court of Canada.

• (1450)

Senator Haidasz: Can the government leader tell us how long the government is going to consider and weigh this vital issue?

Senator Murray: As long as it takes.

Senator Haidasz: Honourable senators, that is an intolerable answer.

Senator Perrault: What kind of answer is that?

Senator Haidasz: I do not see how the Leader of the Government can make such a reply in this house. It is shameful. It is really a terrible disregard of innocent lives.

Senator Murray: Honourable senators, on this issue my friend placed a private member's bill on the order paper last session. If he wishes to bring another bill forward this session, he is free to do so. Meanwhile, the government will study the situation in the light of the Supreme Court decision and will decide what response to make after it has considered the matter fully.

Senator Haidasz: Has the government not received any advice or information from the Department of Justice or from other federal departments in this regard? Is it the government's incompetence, or perhaps lack of moral courage to take action, that has resulted in this delay?

Senator Frith: There is no reason why it couldn't be both!

Senator Murray: Honourable senators, in respect of any initiative brought forward, the government would want to be certain of a consensus in Parliament in favour of such an initiative. Absent such a consensus, there can and will be no legislation.

Senator Haidasz: Shame!

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM— AVAILABILITY OF PAYMENTS

Hon. Gildas L. Molgat: Honourable senators, I have a question for the Leader of the Government in the Senate with regard to drought assistance for farmers in western Canada. As my honourable friend is aware, farmers are getting ready now for planting and are experiencing a serious cash shortage, particularly in those areas that have suffered from the drought. In addition, due to the increase in interest rates over the past period farmers are finding themselves doubly squeezed, so there is real urgency in getting these payments out to them. Could the government leader inform us when the farmers can expect those payments to be made?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am aware that the date of mailing of interim cheques has been put back and I will try to obtain more precise information on when those cheques can be expected. Meanwhile, I have to say that this is one of the most involved programs ever undertaken by the Department of Agriculture. I am informed that the impact of the drought varied greatly from location to location. The government is attempting to make payments that are crop specific and location specific.

I am also informed that producer review committees will be established in the near future to provide the government with direction on drought zones and to mediate producer disputes.

Having said that, I will try to obtain more detailed information from my colleague, the Minister of Agriculture, and I will advise honourable senators accordingly.

WESTERN CANADA—DROUGHT RELIEF PROGRAM—
CLASSIFICATION OF ZONES

Hon. H.A. Olson: As a supplementary, honourable senators, I have received a number of communications from farmers who, I am convinced, were honest and sincere in advising that some of the zones of which the minister spoke were inappropriately struck; in other words, some areas that have been described as moderate are just as bad as, if not worse than, other areas that have been described as severe. There is a significant difference in the amount of payments to be made on the basis of those distinctions. Could the minister try to find out for us where such queries should be directed?

I am not aware that the Department of Agriculture has set up an administration in western Canada to deal with this matter. I do not know whether the PFRA will take care of this or whether crop insurers in the provincial organizations will carry out the actual administration. It will be helpful to have that information so that the complaints in this respect—which I regard as legitimate complaints—can be dealt with.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will ask my colleagues for that information.

THE ENVIRONMENT

ALASKAN OIL SPILL—GOVERNMENT ACTION—POTENTIAL
DAMAGE TO CANADIAN COASTLINE—REQUEST FOR UPDATE

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. I think all of us here and all Canadians have watched with sadness and great anxiety the massive oil spill from the Exxon tanker in Prince William Sound off the southern coast of Alaska. Our anxiety has increased because of the lack of success in containing the spread of this spill and the potentially devastating effect this could have on wildlife and marine life, in particular the herring and salmon fisheries. I should like to ask the Leader of the Government whether Canada has been asked for or, indeed, has volunteered any assistance to the State of Alaska in helping with this cleanup.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators, the Canadian Coast Guard, I am informed, has sent an observer to the spill area and has also offered to its United States counterpart assistance through providing cleanup equipment or surveillance craft, should they be required.

Senator Fairbairn: Could the Leader of the Government indicate to us where this observer is from? Is he or she from the Department of Fisheries and Oceans or the Department of Science and Technology? What, if any, indication have we had of the potential damage to our own coastline from this widening spill?

[Senator Murray.]

Senator Murray: Honourable senators, I am informed that the observer is from the Canadian Coast Guard. I think it is too early to say anything definitive about the effect of this spill on our own coastline, but this matter is under review, particularly with regard to gray whales and of course to migratory birds, which are more directly affected.

I am told that Canadian officials are monitoring the situation and that our embassy in Washington has asked the United States government to keep us fully informed on developments that may affect our waters, our fisheries or, indeed, our territory.

Senator Fairbairn: Would the Leader of the Government be prepared to give us an update on this situation as it develops?

Senator Murray: Yes, honourable senators.

USE OF NUCLEAR REACTORS IN SPACE—GOVERNMENT ACTION
AND POLICY

Hon. Jeremiah S. Grafstein: Honourable senators, I raise another aspect of environmental protection. In the Throne Speech the government promised to take steps to protect the Canadian land mass against environmental damage. In January of this year Soviet scientists announced the launching of a new class of nuclear reactor in space. The international community welcomed the openness of the Soviet scientists in making this announcement public. However, as the Leader of the Government in the Senate will recall, in 1978 Cosmos 954, a Soviet satellite, was damaged and disintegrated in space. Radioactive fragments from the Soviet satellite fell on Canadian lands in the Northwest Territories. I believe it took from 1978 to 1981 to settle a compensatory claim with the Soviet Union. Canada settled for 50 per cent of the original Canadian claim. I believe the final settlement amounted to \$3 million.

Since that time the incident at Chernobyl has taken place—a nuclear accident with devastating effect as yet unmeasurable in Eastern and Western Europe.

Has the Government of Canada taken steps in the international community to ban, restrict or at least closely monitor the use of nuclear reactors in space to avoid what could result in a disastrous impact on Canada and other countries in the event of a nuclear accident in space? We have been told that the Exxon tanker spill occurred because of human error. Obviously, it is of concern to all Canadians that human error could result in a nuclear disaster in the launching or orbiting of a satellite.

Can the Leader of the Government tell us whether the Canadian government considers this matter a priority in its environmental concerns?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will take that question as notice.

PREVENTION OF OIL SPILLS IN CANADIAN WATERS—
GOVERNMENT ACTION—CANADA'S CAPACITY TO DEAL WITH
OIL SPILLS—GOVERNMENT ACTION

Hon. Colin Kenny: Honourable senators, I have a further supplementary question for the Leader of the Government on the *Exxon Valdez* oil spill. Approximately two million barrels of oil a day are shipped from Alaska to the 48 southern states, which go by tanker down the west coast of Canada. I understand that one or two tankers a day go south, and at times they travel within 15 miles of the Canadian shore.

● (1500)

My question is this: Since this accident took place, what steps has the Government of Canada taken to ensure that a similar accident does not occur in Canadian waters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is rather an involved question and one that I do not think I could be expected to deal with during the oral Question Period. I shall ask for a report on this matter from my colleague, the Minister of the Environment.

Senator Kenny: I should like to ask a supplementary question, honourable senators. If the Leader of the Government is going to seek a report on this, perhaps he could also seek a report on what Canada's capacity would be to deal with a spill, if one should take place.

Senator Murray: Honourable senators, my friend must know, just for openers, as I say, that there is a Canada-U.S. vessel traffic management agreement that covers the kind of traffic the honourable senator is talking about. However, I shall make inquiries to see what further information I can bring on behalf of the Minister of the Environment.

Senator Kenny: My concern stems from reports that the Deputy Commissioner of the Canadian Coast Guard advises us that, while there are two clean-up depôts in southern British Columbia, neither of them has the capacity to deal with a spill anywhere near the size of the *Exxon Valdez* spill. If one or two ships equivalent in size to the *Exxon Valdez* are sailing through Canadian waters each day, which is a total of 730 million barrels a year, and we do not have the capacity to deal with them, I should like to know what the government is doing.

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—RENEWAL OF FEDERAL-PROVINCIAL AGREEMENTS

Hon. Eymard G. Corbin: Honourable senators, I should like to ask a question of the \$6 billion Leader of the Government. I know that part of his heart is still in the Maritime provinces. I do not fault him for that. I believe it is a good thing.

As he knows, joint federal-provincial development programs were allowed to lapse at the end of March. These are programs affecting resource development in the fields of forestry, mining and fisheries. The premiers of the Maritime provinces have expressed concern, some of them grave concern, over this lapsing, and at least one has expressed optimism that these

development programs will be revived, as they understand it, after the presentation of the federal budget some time in the near future—next month or five weeks or three weeks, who knows.

I preface my question in such a way as to attempt to elicit a positive response from the Leader of the Government in the hope that he can today state with some assurance, not only to the premiers but to the hundreds of workers who stand to lose their jobs if these agreements are not extended into another period of years, that it is in fact the intention of the federal government to keep these agreements alive in order to foster greater opportunities in the Maritime provinces.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, quite aside from the fiscal considerations and the fact that firm decisions on these matters must await the budget, I do want to emphasize that these economic development agreements between the federal government and the provinces, when they come up for review and renewal, are renegotiated and are sometimes replaced by other agreements, depending upon the priorities that are agreed upon between the federal government and the provinces. No one should regard it as automatic that every ERDA sub-agreement is renewed when its expiry date arrives.

Having said that, the only statement that I am in a position to make today is that the federal government remains as strongly committed as ever to federal-provincial cooperation in economic development. Discussions are continuing between the federal government and the provinces concerned about the ERDAs and about economic development generally, but any announcement must await the forthcoming budget.

Senator Corbin: I appreciate the Leader of the Government's explanation. I take it, then, that there is disagreement as to the development priorities. On the other hand, I note that it seems to be the wish of the premiers to have the same agreements extended for another period of years. I recognize, therefore, that there is a difference of opinion.

However, I do not understand the condition being suggested that one has to wait for the federal budget to be brought down before anything can happen. I have in my hands a CP story out of St. John's, Newfoundland, from which I would like to quote. To put things in context, I should remind everyone that the province of Newfoundland is now in an election period. The release says:

But by Monday afternoon,—

Monday afternoon was yesterday afternoon,—

the strong-jawed Rideout emerged from the taping of election campaign television ads with some good news—a pair of five-year development agreements for Newfoundland and Labrador.

I do not fault Newfoundland and Labrador for getting the agreements.

The federal-provincial pacts will provide \$29.2 million for rural development on the Island and another \$53.8 million for the fisheries, forestry and tourism sectors of Labrador.

My question is simple. Why could Newfoundland not wait, like the other three Atlantic provinces, for the budget to be brought down? Was that simply an accident, a coincidence or an act of sheer political opportunism?

Senator Murray: None of the above, honourable senators. I do know something about those sub-agreements. The reason I know something about them is that I was minister responsible for ACOA until September 1988, and I recall very clearly having reached an agreement with former Premier Peckford that we would proceed with negotiations of those two sub-agreements—one agreement involving Labrador and one agreement involving rural development. While the actual terms have been negotiated since my departure, we reached agreement and, as I recall, put out a press communiqué some months ago that we would be proceeding.

EXTERNAL AFFAIRS

VISIT OF TORONTO STUDENTS TO WEST GERMANY—INCIDENCE OF MENINGITIS—LAUDATORY ACTION OF CANADIAN OFFICIALS

Hon. Peter Bosa: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. It is in three parts, and I hope you will bear with me.

A group of students and accompanying persons from St. Michael's School in Toronto were visiting West Germany; while there they were quarantined on suspicion of having contracted meningitis. This occurred on the Thursday evening before Good Friday and the Easter long weekend. When our vice-consul in Munich was informed of this situation he immediately went to Mannheim to assist the students, 14 of whom were hospitalized in that city. Our consul, Jim Hentschell, and Ambassador Tom Delworth went from Bonn to Frankfurt where 27 of the students were detained in the auditorium of the airport and 11 others were in other hospital facilities there. On the following Monday all the students were released except one who actually contracted meningitis, and the entire group was flown back to Canada on a Canadian air force Hercules. The parents of these students, the students themselves and the administration of St. Michael's expressed sincere gratitude and appreciation to our diplomats in West Germany, the officials of External Affairs who were on duty during that long weekend and the crew of the Hercules, as well as anyone else who was involved in this trying event. I am informing the Leader of the Government in the Senate of this in case he is not aware of this matter.

• (1510)

Senator Flynn: We all read the story in the press.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I followed with concern, and eventually with great relief, as I am sure the honourable senator and many Canadians did, the news stories about the detention and hospitalization of the Toronto students in West Germany. I am glad to hear from Senator Bosa that those affected and their families feel that our diplomatic staff abroad dealt with their situation

[Senator Corbin.]

in a prompt and effective fashion, as I know they always do. I will be glad to convey the honourable senator's observations to my colleague, Mr. Clark, so that he can express his appreciation and that of the government to the diplomats involved.

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—RENEWAL OF FEDERAL-PROVINCIAL AGREEMENTS—FUNDING OF PROGRAMS

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary to questions asked by my colleague, Senator Corbin, concerning the federal-provincial agreement as it relates to the maritime provinces. I should like to ask the Leader of the Government in the Senate whether I understood him correctly. As I understood him, he stated that he knew about these agreements with Newfoundland because he was the minister responsible for ACOA until September. Was that his answer?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes.

Senator Thériault: Should the people from the maritime provinces then assume that there is a possibility that existing agreements that have lapsed, or are no longer in force as of April 1 so far as the federal government is concerned, may have to be funded through moneys that have been allocated to ACOA?

Senator Murray: Honourable senators, my honourable friend misunderstands the situation.

Senator Thériault: No, I do not. I ask you.

Senator Buckwold: He may misunderstand the answer to that.

Senator Murray: Let me tell the honourable senator that the minister in charge of ACOA has responsibility for the ERDA process. He is the ERDA minister in the Atlantic provinces.

Senator Thériault: I am not sure that it is automatic—but, if it is, fine—that the minister responsible for ACOA is also the minister responsible for ERDA in the Atlantic provinces. I did not realize those were the terms of reference for that minister, but that is fine.

Next, please tell me and the people of the maritime provinces whether the agreements negotiated with Newfoundland, as pointed out by my colleague, Senator Corbin, would have existed previously under ERDA.

For years those of us who doubted the word of your government said, when ACOA was created, that that \$2 billion, spread over five years for the three maritime provinces, might have an effect on moneys previously dealt with under federal-provincial agreements. We were assured by yourself and other ministers that we were mistaken, and that that \$2 billion was new money—

Senator Murray: One billion dollars.

Senator Thériault: —over and above the previous agreement. What is the situation today?

Senator Murray: The correct figure was \$1.05 billion in new money.

Senator Thériault: Okay.

Senator Murray: The ERDA money is quite separate. In respect of the ERDAs that were then in force, it was money that had been, for the most part, in the DRIE estimates, and it was transferred to ACOA. Money for any new economic development agreements of that kind does not come out of the \$1.05 billion, which was new money appropriated for new programs in the field of encouraging small business and entrepreneurship, and so forth. I am simply confirming what I have said on that subject on many occasions here and elsewhere.

Senator Thériault: My specific question concerned those two federal-provincial agreements that you and my colleague mentioned as having been reached with Newfoundland. Where is the money coming from for those two specific programs? Is it from ERDA or ACOA?

Senator Murray: Honourable senators, I am not sure what distinction the honourable senator is trying to make. I repeat to him that the \$1.05 billion of new money allocated in June of 1987 was for new programs relating to the encouragement of entrepreneurship and small business, and so forth. The money for the extension of the Labrador agreement and the rural development agreement does not come from that fund. That is what I am telling the honourable senator. It comes from the funds that are available to ACOA in respect of ERDAs.

Senator Thériault: Honourable senators, if it is possible for Newfoundland under the terms that you have described, why is it not possible for New Brunswick to have some agreements from that ERDA money?

Senator Murray: Senator, no one ever said that it was impossible.

Senator Thériault: Why are the governments of the maritime provinces told that they have to await a budget while money is being allocated to the province of Newfoundland at the same time from the same area?

Senator Murray: Honourable senators, I would suggest that my friend get a copy of the press release that Premier Peckford and I put out some months ago about the extension of the rural development agreement and the agreement to negotiate an agreement for Labrador. He will see that we had an agreement in principle. Since that time the details of those agreements were arrived at in negotiation between the federal government and the province concerned. As I indicated in response to a question from Senator Corbin a few minutes ago, the discussions are ongoing between the federal government and the four Atlantic provinces.

Senator Thériault: Honourable senators, the minister knows very well what is happening in Newfoundland. No wonder I added half a billion to the ACOA budget. What I had in mind was the \$1 billion that was given by your government to Saskatchewan when a provincial election was called. Therefore, I am surprised that the government and the people of Newfoundland would settle for \$50 million or \$60 million.

• (1520)

However, for the first time in the federal-provincial negotiations with respect to these programs a provincial government has been told that it must wait for agreement on such programs until the budget comes down. I can well understand the government's position that provinces can and should be told to wait until the federal budget comes down with respect to the amount to be allocated to such programs. However, I do not agree that they should be asked to wait to find out whether or not the programs will proceed. Why is that happening now?

Senator Murray: In fact, honourable senators, the budget will determine the amount of money that is available, and there will be a fiscal framework and information tabled with the budget not just for the next year but for the next five years. Indeed, the question of whether this or any particular agreement will go ahead and what will be contained in the agreement is a matter for negotiation between the two levels of government.

Senator Thériault: Honourable senators, the fact of the matter is that the Government of New Brunswick has made an offer to the federal government that New Brunswick is prepared to proceed on its own with respect to these programs if it can be assured that, when the budget comes down, regardless of the date, the federal part of the program will be refunded to it. However, it has not yet received an answer to that proposal.

Senator Murray: I can only say, honourable senators, that negotiations between Ottawa and New Brunswick have not yet reached the stage where the federal government is prepared to agree to the renewal of all of those agreements.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of Her Excellency the Governor General's Speech at the opening of the session.

Hon. Gerald R. Ottenheimer, seconded by **Hon. Roch Bolduc**, moved:

That the following Address be presented to Her Excellency the Governor General of Canada:

To Her Excellency the Right Honourable Jeanne Sauvé, a Member of the Queen's Privy Council for Canada, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit upon whom has been conferred the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

He said: Honourable senators, I am pleased to have this opportunity to express some views with respect to the Speech

from the Throne and the government policy annunciated therein yesterday.

[Translation]

First of all, sir, I wish to congratulate you on your appointment as Speaker of the Senate. I hear that you are only the third senator in the history of this institution to be appointed Speaker of the Senate for a second term.

I take this opportunity to assure you of my full cooperation and loyalty.

[English]

Within a Canadian context, I do not suppose there has ever been a Speech from the Throne that has not elicited comments from those who do not support the government such as that the document is extremely vague; it does not give enough particulars, and various attributes such as that. I imagine that such comments are part of our overall political practice.

Personally, I view the Speech from the Throne made yesterday as a statement of philosophy, of principles, of priorities and of the overall thrust of the government, and obviously at a fairly conceptual level and not in a very detailed fashion. I personally view it as having an important theme: that of economic and social responsibility. In my view those two aspects go together. They are like two sides of one coin. To have economic responsibility without social conscience or social responsibility is to bring to the task of government the mentality of a banker or of an accountant, because, in the final analysis, it is the overall social goals which inspire governments. However, to have a sense of social responsibility without the financial wherewithal or the strong economy which is necessary to finance it is also impossible. So I see the overall thrust as one of responsibility, both social and economic.

Early on in the speech Her Excellency pointed out—many of us knew, but it was a good thing to re-emphasize—that, from a certain point of view, the Government of Canada is today working with 69-cent dollars—from the point of view that 31 cents of each dollar must go toward interest on the national debt. Obviously, so long as we work with 69-cent dollars, the government will not have as much flexibility as it would with 100-cent dollars or 90-cent dollars or 75-cent dollars; indeed, if that tendency were to continue, then a few years from now people would have at their disposal, in terms of expenditures for social and other programs other than those of debt reduction, 65-cent dollars and then 60-cent dollars. Therefore, I think it is absolutely essential from the point of view of fiscal responsibility, and from the point of view of the government's having flexibility and as broad an area of choice as possible to respond to needs, that the government have the maximum use of the money that accrues to it from the people in terms of revenue.

The first mandate of the Mulroney administration during the past four years showed a decline in the government deficit, from somewhat over 8 per cent to somewhat less than 5 per cent in the gross domestic product. However, in order to maintain and enhance our social programs and in order for the government to be able to respond to the needs of the people of

[Senator Ottenheimer]

Canada, it must make every effort to encourage the strengthening of the Canadian economy. With respect to social programs, it was not a surprise, but it was certainly welcome, to hear that our social programs will continue to be determined in Canada by Canadians. It was not a surprise, but it was welcome, to hear of the government's continued support, in terms of social programs, of the family, of the elderly and of those who are in low-income groups; and it was also welcome to hear of the government's continued commitment to a national child care program.

In order to help in the strengthening of the Canadian economy, the government indicated its intention to continue its policy of liberalized trade. Obviously, liberalized trade has an important role within the context of the Free Trade Agreement, and it also has an overflow effect within the area of the GATT negotiations. Specific mention was made of the growing importance of Canada's trade with the Asia/Pacific region, not to take the place of trade between Canada and Europe but to supplement it and to diversify our trade.

During the last session the Standing Senate Committee on Foreign Affairs was charged with the responsibility for trade matters. Part of that responsibility involves, perhaps as an overview, making recommendations based on the analysis of problems inherent in the implementation of the Free Trade Agreement.

From a brief conversation I had yesterday with Senator Stewart, the former chairman of that committee, I understand that GATT, Europe 1992, and other trade matters will also be within the purview of inquiry of that committee. I believe there will be an opportunity for the committee to make some very serious and worthwhile studies, some analyses and some recommendations that might be of benefit to members of the Senate and, it is to be hoped, in a broader context—not just within this body.

● (1530)

In terms of the strengthening of the economy and the efforts which will be made towards a continued support for liberalized trade, there is, of course, the human factor. Even with all of the agreements in place, if there is not the human motivation, if there is not the human skill and adaptability of the Canadian worker, then those agreements will not achieve the maximum results. Honourable senators, I certainly welcome the commitment to a process of upgrading Canadian labour force skills. Obviously, the economy must not be viewed only in terms of external trade; the internal aspects for Canada must also be considered, and, in that regard, there was a reference to continued attempts to minimize interprovincial trade barriers, which have existed for quite some time. There was also mention of the various regional development agreements, such as the Western Diversification Program and ACOA, of which I have somewhat more knowledge.

I was very pleased today to hear the response of the Leader of the Government in the Senate to a question by an honourable senator on the other side with respect to additional agreements of a regional-development nature vis-à-vis the fishery off the Labrador coast. Certainly, the ACOA initia-

tives have been very valuable in Newfoundland, and I do not doubt that they have been valuable in other areas as well. I checked today and I have some fairly rough figures indicating that up to a month or so ago the ACOA involvement in Newfoundland amounted to \$134 million, and that that has triggered within the province of Newfoundland and Labrador another \$270 million for a total of \$404 million—a substantial amount. My understanding is that up to approximately a month ago that had been spent or committed and that it was responsible for the creation of approximately 3,000 jobs. That is certainly an instance of a very valid economy-strengthening program in the “within Canada” context as distinct from the “Canada-other-country” context.

I am sure the vast majority of Canadians welcome the emphasis on the environment in the Speech from the Throne and also the government support for the Brundtland World Commission, which emphasizes the interdependence between the economy, the environment and human health. Indeed, the recent disaster off the coast of Alaska, which was referred to in Question Period today, dramatically—I hope not tragically—brings home to Canadians the dire consequences of what would appear in this case to have been negligence; but unfortunate events could also occur without negligence on anyone's part, but simply through human fallibility and the fact that technology is sometimes imperfect.

Certain specific measures are indicated in the Speech from the Throne with respect to limiting toxic chemicals, improving the quality of our water, improving the quality of the atmosphere, the cleaning of the Great Lakes and the St. Lawrence River, with special reference being made to the Arctic. Those of us who come from northern areas, which would obviously include the Arctic, northern Pacific coastal regions and northern Atlantic coastal regions, such as the Labrador coast, are aware of the great hazards of pollution. That does not mean that severe environmental damage cannot occur in any kind of climate, but the special reference does acknowledge the extreme sensitivity of the northern climate.

Overall, I think the statement of government thrust and overview with respect to a strong economy, a caring society, liberalized trade, concern for the environment, our international role of continued involvement in peacemaking, and relief of famine formulate a blueprint and are indicative of government policy that will stand Canada well in the four or five years ahead.

[Translation]

Honourable senators, I would like to take a few minutes to talk about the Meech Lake Accord and in particular, the following clause:

- 2.(1) The Constitution of Canada shall be interpreted in a manner consistent with
- (b) the recognition that Quebec constitutes within Canada a distinct society.

I have never understood the concern, the fear and even the disgust that some people feel about recognizing a distinct society.

Stripped of all emotional baggage and rhetoric, does it not come down to a precise, logical question or rather a series of pertinent questions?

Because of the way it was settled historically, because of the language used not by all but by a clear majority, because of its social and political evolution, is it not distinct within Canada?

I take the term “distinct” to be descriptive and objective, not as a value judgement. Being distinct does not mean better or worse; being distinct means being different and showing that difference. But recognizing and encouraging distinctness are the very fabric of the Canadian federation.

The constitutional designation of Canada as bilingual and multicultural is a way of enshrining difference in our fundamental law. In the broader context of Canada as a whole, we have always prided ourselves on our viewpoints that are distinct from those of our southern neighbours and other western countries.

It is quite obvious that in many ways, these differences will continue and I hope that they do.

Canada's political development, the enshrining of differences, namely bilingualism and multiculturalism, in the Constitution, our social and economic priorities, our international relations and our membership in the Commonwealth and the Francophone community all serve to strengthen and maintain our distinctness.

The constitutional framework that we have given to bilingualism and multiculturalism and our daily customs and practices show that differences are recognized in Canada. In my opinion, it is logical and reasonable to recognize as well that Quebec is a distinct society within Canada.

It can rightly be noted that Quebec is not the only distinct society in the Canadian family. It is likely that Nova Scotians, British Columbians and citizens of other provinces see themselves as part of such a distinct society. Certainly Newfoundlanders feel that they are a separate people within the federation. Our constitutional development, quite different from that of the other provinces, our historic links that are transoceanic rather than continental, our sense of identity expressed in songs, humour, and family ties, our tragic and heart-rending experience of sudden loss of life that characterizes the seafaring life of the Newfoundland people all serve to strengthen our sense of identity.

Nevertheless, the Province of Newfoundland has no desire to have this distinctness of our society specified in the Constitution. But such recognition for Quebec, which wants it, does not threaten us, neither does it threaten the other provinces.

The Meech Lake Accord opens the door to progress on other issues mentioned in the Speech from the Throne: Senate reform, native rights, language rights, fishing roles and responsibilities and strengthening the Charter of Rights and Freedoms.

Without reliving former battles, our country must put an end to the present constitutional anomaly. The Meech Lake Accord is far from perfect, but if we seek perfection in human and political affairs, we will wait a very long time. The Meech

Lake Accord provides for a dynamic evolutionary process, an openness to the future, when Canadian governments will have the opportunity to examine and change our relations in order to address the challenges of the twenty-first century in an appropriate and contemporary way.

All that we need is confidence, resolve, political will and a spirit of generosity.

● (1540)

[English]

I should like to say a few words about a distinguished Canadian and Newfoundlander who has retired from public life. We are of course all aware that the ultimate democratic exercise is going on in Newfoundland at this time. I make these remarks with respect to the Honourable A. Brian Peckford; however, I make them in no partisan sense at all.

I had the pleasure and honour of serving with him in the House of Assembly from 1972 to 1987. After he became premier following the 1979 election, I then served in his cabinet from 1979 to late 1987. As I say, there is nothing particularly partisan in this. I personally believe that everybody who has served successfully as premier of a province deserves a certain recognition and perhaps the gratitude of the Canadian people, because in serving as a premier one is also serving Canada. Indeed, this chamber has reason to be appreciative of the work of former premiers since we are honoured with three former premiers among our present membership: Senators Hicks, Roblin and Robichaud.

I personally believe that the Honourable Brian Peckford has made a very significant contribution to Newfoundland and Canadian life, but I am not going to make reference to those things that are part of history or in newspapers or easily identifiable.

There was the very important role he played in the restructuring of the fishery on the east coast, which a few years ago was in a very serious condition. Out of that restructuring, of course, came the creation of FPI, Fisheries Products International, as well as, to a certain extent, National Sea.

Then, of course, there was his involvement with the Atlantic Accord, which is sometimes associated only with Hibernia. There has been a two- or three-month delay with Hibernia, but, really, the Atlantic Accord is not Hibernia or any particular offshore development. It is rather an overall frame of reference for all offshore development off the coast of Newfoundland and it provides a framework for decades and, indeed, for generations. It is of such benefit that one other province has asked to have its terms apply to that province. That, of course, is Nova Scotia, which, prior to the Newfoundland agreement, reached an agreement with the federal government containing a clause whereby they would benefit from any advantages or conditions in the agreement with Newfoundland which were absent from the one with Nova Scotia.

There is FPI. There is the Atlantic Accord. There is the tremendous work done personally by him, as well as by his cabinet and others, when the Bowaters mill in Corner Brook, which was the life blood of western Newfoundland as well as

of a good deal of central Newfoundland, decided to pull out. He was able to involve Kruger, a family company with other mills in Canada, some of them in Quebec.

Of course, the biggest bankruptcy in Canadian history, the Come by Chance oil refinery, was turned around to a successful venture without any public money involved. Well, I suppose one might say that public money was involved, because the federally built wharf, built years ago, was handed over to the company operating the refinery. However, it was put in repair at a cost of some millions of dollars by that company; so, really, that involved no public money whatsoever.

Apart from all of those accomplishments, I believe that he has made a real, although perhaps less tangible, contribution to Newfoundland and to Canada. After ten years of Brian Peckford, I think Newfoundlanders today perceive themselves in a different light. Perhaps as a result of that—although it may be concomitant—they are also perceived by other Canadians in a somewhat different light. What interests me is how Newfoundlanders perceive themselves. How others perceive us is, in a sense, their problem. There always was a certain sense of pride in Newfoundland, but, in political terms, there is quite a difference in Newfoundland today.

After Confederation, and for quite some time, there was an attitude that "Uncle Ottawa has taken us in and now we will have these enormous benefits of social security. Surely, we are not going to rock the boat." We wanted to get everything that there was to get, not necessarily that we were entitled to, because I do not know if the word "entitled" came into it. Delegations and ministers from Newfoundland would go to Ottawa and it would almost be like visiting a 12-month Santa Claus.

Somehow the idea permeated the province that, if you were to criticize too strongly, then perhaps you might not get all of the benefits you would otherwise receive. Obviously that was nonsense, because what Newfoundland or any other province gets, it gets by right, by entitlement in our federal system, and not as crumbs.

I can remember a dramatic example of that attitude, although, again, one cannot interpret what happened 20 years ago in the light of today without being aware that the times have changed. However, I recall that when the Right Honourable Louis St. Laurent was in St. John's, Newfoundland, there was a huge rally. I assure honourable senators that it was before my involvement. When then Premier Joey Smallwood was introducing him, the "Uncle Ottawa" attitude was personified because he was introduced as "Uncle Louis". It was as if Ottawa were a Santa Claus and we had better be very careful. If not, we might not be as well off as we otherwise would be.

I would say that under the Peckford administration Newfoundlanders got rid of that attitude. Newfoundlanders will now state their disagreement with the government, or with anybody else, without its being suggested that they will be less well off as a result.

[Senator Ottenheimer]

● (1550)

I think, too, during the Peckford administration Newfoundland played a role in national issues which it had not played before. Newfoundland has a fairly strong and consistent position with respect to the Constitution, and Newfoundland, as a province, has a strong position with respect to Meech Lake—matters that do not directly affect Newfoundland but which indicate that perhaps that introversion which we had during the first two or three decades of Confederation has now been broken.

I think one of Brian Peckford's great contributions to Newfoundland is that he has helped Newfoundlanders change their perception of themselves, and has with that given them new pride and new vigour.

In any case, its having been the fortieth anniversary of Confederation of Newfoundland and Canada just a few days ago, I am sure honourable senators will not take offence at my reference to Newfoundland. I think I can say that the vast majority of Newfoundlanders would concur with me in saying that we look forward to the years ahead as Newfoundlanders and as Canadians with pride and confidence in ourselves, our province and our country.

Hon. Senators: Hear, hear.

Hon. Roch Bolduc: Honourable senators, it is with great emotion that I speak to you for the first time. Indeed, one cannot spend more than 30 years in the Public Service without following some of the debates which have taken place in this House and without reading numerous reports which emanate from its committees and which attest eloquently to the vast reservoir of experience and wisdom of its members.

I am therefore quite aware that it will take more than the few days which I have spent here to make a seasoned parliamentarian out of me. I find it all the more challenging to take on with great enthusiasm this new responsibility.

I would first like to congratulate our distinguished speaker, the Honourable Guy Charbonneau. I am convinced that he will continue to preside over our proceedings with his usual distinction and serenity.

[English]

I should also like to congratulate Senator Murray, who is beginning a second term as Leader of the Government. This position entails heavy responsibilities and calls for a great deal of patience and dexterity, qualities which Senator Murray has in abundance, as we have seen.

Some Hon. Senators: Hear, hear.

Senator Bolduc: I want to thank him, at the same time, for the confidence he has shown in me.

As for the Leader of the Opposition, I am sure he will continue to make his considerable knowledge of public administration available to Canadians, in accordance with his own personal style and Senate traditions.

[Translation]

Finally allow me to extend a special salute to my mentor in the Quebec public service, Senator Tremblay, to whom I am

indeed intellectually indebted; it is a debt which dates back to the days of the quiet revolution when he was working on the school reform of our society. I would add that I appreciate that much more the friendship he has since shown me.

Honourable senators, I am pleased to have been asked to second the motion of Senator Ottenheimer that this House expresses its thanks to Her Excellency the Governor General for the inaugural speech she was gracious enough to deliver yesterday afternoon. This is an honour for which I most sincerely and most warmly thank those to whom I owe it.

What can I say after the outstanding remarks of the mover of the motion, Senator Ottenheimer? It seems to me that the Speech from the Throne provides us with a program of action which fully meets the challenges of the nineties, the last decade of this century.

It is with much hope that we move forward under a majority Conservative government which, for the second time in a row, represents all regions of the country. I say with much hope because, fortunately, some of the obstacles which prevented the Canadian people from making progress have been eliminated over the past four years.

[English]

The dialogue between the federal and provincial governments is now more calm. I am not saying that all political difficulties have been straightened out in our federation, but I think that we have made a great step forward. For example, we are moving towards the ratification of an historical constitutional agreement. Already representatives of 93 per cent of the people have given their assent. Is it possible to think that the required consensus might not be reached?

The decision makers have a heavy responsibility and we can only hope that they will follow in their predecessors' footsteps. This is all the more important since I think it is a prerequisite to any other constitutional change. Over the last few decades Quebec has made significant progress. Now that the province has started off confidently down the road to modernity, this is not the time to tempt it into moving ahead alone, since this would be neither in its own best interests nor in Canada's.

[Translation]

At the economic level, the free trade agreement recommended by the Macdonald Commission has been a major step forward—it showed Canadians had made up their minds they trusted their own ability to compete fairly with our neighbors down south.

This development will have as a further benefit that we will become a powerful, dynamic economic group capable of facing up to others in Europe and Asia, as was the optimistic conclusion reached by the Wall Street Journal on January 23rd, 1989, after a serious comparative examination of the strengths and weaknesses of the five major economic groups in the world.

Incidentally, during the last election, if consumer laws had been applied to election speeches the way they do to commercial advertising, some speakers might have been found guilty, so much they scared people, especially senior citizens.

Another step in the right direction was the clear signals sent over these last few years by this Government in support of competition rather than regulation in certain industries, especially transportation, communications, energy and the financial sector.

Finally, while conscious of the importance to conserve and develop the Canadian heritage, the Government lifted unnecessary barriers to foreign investment based on a kind of protectionism not in line with a healthy nationalism.

However, honourable senators, the job is not finished for all that. Challenges remain in this country, and the opening speech not only shows the Government has identified them but that it points to solutions that should continue fostering federal-provincial harmony, economic prosperity, social fairness, genuine liberal democracy and productive participation in the concert of nations.

Clearly, the implementation of the free trade agreement with the United States, in addition to continued change in Europe and Asia, will cause difficulties to certain firms, either through takeovers, mergers, partial acquisitions, nationalizations or transfers.

In some cases, adjustments will have to be made. Also, in today's world where international financial transactions are accelerating at electronic speed, it is extremely important, as emphasized by the Canada Economic Council in their 1988 annual report, that our human resources be increasingly competent and able to adjust to a constantly changing professional environment.

Even though much can be done through technological transfers, in that area research and development efforts need to be accelerated in Canada, as proposed by participants to the technology symposium held in Montreal in 1988. Those efforts may also need to be re-directed, and by that I mean budgeted, even based in private firms rather than Government bureaucracies.

[English]

The oil spill that occurred recently in Alaska and the unresolved acid rain issue with the United States are problems that have not gone unnoticed by the government. Mindful of our planet's fragile ecosystem, and in the face of recent growing public awareness of the problem, the government is attacking the issue of pollution with all the energy and determination it can muster. I am happy to note that in the Speech from the Throne environment will be one of the high priorities of the government during its second mandate.

● (1600)

I am also pleased to note that the government has decided to tackle the budget deficit with renewed vigour, especially since the problem of the public debt, as the president of the Royal Bank mentioned recently, is even more serious in Canada than it is in the United States. The government cannot go on indefinitely spending more than it can afford. If it does, inflation will set in and we will shift an unfair burden on to the shoulders of the next generation, all because we are living beyond our means today.

[Senator Bolduc.]

[Translation]

Among the various ways of intervening to alter the course of events, there is a broad range of possibilities: revising certain programs, tight expenditure controls, commercial sales of certain public commodities instead of distributing them free of charge, charging fees for public services, administrative cut-backs, contracting out, transferring responsibilities to the private sector and a commodity tax. There is also a certain lack of flexibility in public regulations and the provisions of collective agreements that prevents management from being as efficient as Canadian taxpayers and users of our public services have a right to expect.

A country like Canada, whose prosperity depends to a very substantial extent on its international trade, must remain competitive, and to do so it must apply a certain amount of discipline in striking a balance between consumption and investment.

In this respect, honourable senators, if we consider the impact of the changes that have taken place in the last ten years in the values of our society, we can take a more objective look at the demands and goals of Canada's various social groups. For instance, although university students in Quebec hold demonstrations to protest increases in tuition costs which are actually very low, at some time we will have to ask these groups in our middle class who are in fact well on their way to having a higher standard of living than the average Canadian, to do their share right away in financing our postsecondary institutions which are lagging behind their Ontario and U.S. neighbours.

And what about the universality of certain social measures which provide pensions to 65-year-olds who are well off and family allowances to households with an annual income of more than \$60,000 or \$75,000?

What we are talking about here, honourable senators, is not a new equation involving the forces of economic freedom and democracy on one side and social equity on the other. After all, as Raymond Aron, the eminent French writer, has pointed out, in liberal societies both forms of freedom must co-exist: the individual's right to express himself freely and to act freely and the State's prerogative to provide the neediest with the means to exercise their recognized rights.

Just as it is not easy to determine what social justice requires in terms of satisfactory distribution of income, wealth and power to meet the demands of equity, it is perhaps even more difficult to imagine and implement what James Buchanan calls a political technology that is capable of providing for the actual transfer of wealth from the richest to the poorest in our society.

In this respect, we must admit that the efforts of our welfare state to achieve genuine redistribution have failed. The distribution of personal income in Canada is practically the same as it was forty years ago.

All is not lost, however. Honourable senators, new political economics has managed to dissect the dynamics of political and bureaucratic processes. As a result, we are better able to

understand why the altruistic goal that was the basis of the welfare state in the forties, namely to tax people on high incomes and transfer this money to the neediest, was not achieved. I suggest it is now possible to take a second and more serious look at this principle of the universality of certain social measures.

Profoundly affected by the Depression, Keynesian by training, observer and artisan of the development of the welfare state but, today, more inclined to question some of its achievements and especially some of its disastrous effects, our generation now has the duty, not to shift the responsibility to the next generation but to deal with the new situation with all the lucidity it demands.

The same critical approach should be our guide with respect to the State-run corporations that have been created for any number of reasons during the past twenty or thirty years, whether we are talking about the oil industry or other sectors. The federal bureaucracy has now reached such proportions that we have every reason to doubt its effectiveness and accountability: 180 agencies, more than 1,000 programs and services, 50 Crown corporations with a total of 75 branches, more than 200,000 civil servants and over \$100 billion in budget expenditures. These figures, and I have not even mentioned the regulatory aspect, paint an eloquent picture of the extent of State intervention in our lives.

[English]

Much soul-searching has taken place during the eighties. When I was a student at Harvard in the summer of 1949, the following question was raised in a course on comparative economic systems: "Can socialism work?" And I remember Schumpeter's answer: "Of course it can."

During the forties and fifties Ottawa, like Washington and London before it, built a welfare state. During the sixties the provinces introduced their own measures. Then, for a variety of reasons, the system appeared to run out of steam during the seventies, to the point where it was very much in vogue for members of the media in the western world to ponder the outcome of the competition between the free enterprise system and the bureaucratic collectivism of the East Bloc countries. A 1975 editorial in *Time* magazine asked the question: "Can capitalism survive?"

[Translation]

Then came the crisis of the early 1980s that I was referring to a moment ago. At a time when the United States, Western Europe and Japan were catching their breath to begin another stage of progress, the answer to the question finally came: first from China, then in 1988 from Russia itself, which decided that in spite of everything, competition is better than monopolies, thereby radically changing the official attitude of over 50 years.

&But, honorable senators, this should not hide our own difficulties from us. Although the ideological pendulum, here as elsewhere in the West, is swinging towards a realignment of the respective roles of the state, the market and the family, accentuating the roles of these last two institutions that must not lead us to believe that problems will be solved as if by magic, no more than a realignment of the respective roles of the federal government and the provinces could or would overcome all the challenges facing the Canadian federation.

For beyond the change in political culture, other even more decisive factors enter into policy change. In particular, they are the domination by interest groups, their often exaggerated influence because of the rules governing our democracy. I am thinking here of such things as decisions made by a 51 per cent majority, the costs of expressing popular preferences, the managerial discretion of public officials, which all make for centralized political decision-making and increasing state power.

Even in the United States and England, which have had right-wing governments for the past ten years, the English magazine *The Economist* in recent issues describes the constant addition of new government standards and ever more regulations. Gary Becker was quite right to warn us that lacking public funds, some leaders no longer resist the temptation to pass the burden on to business by means of regulations.

In conclusion, honourable senators, I would like to pay tribute to those who have the overwhelming responsibility of guiding our political destinies both in the provinces and in Ottawa and to wish them lots of courage. Being, together with my colleagues recently appointed to the Senate, in some way a product of the federal-provincial cooperation ushered in by the Meech Lake Accord, I wish to thank the Government of Quebec, and in particular its leader, Mr. Bourassa, as much as the federal Government, and in particular its leader, Mr. Mulroney, for calling on me to sit with you. I hope that I will meet the demands of working in the Senate, which is often challenged, certainly misunderstood, maybe reformed, but whose importance seems to me beyond any doubt for the prosperous future of this country and our society.

● (1610)

[English]

Hon. Allan J. MacEachen (Leader of the Opposition): Before moving the adjournment, I am tempted to make some preliminary remarks—

Senator Frith: Oh, please do!

Senator MacEachen: However, I will spare my colleagues that possibility today. I will not disturb the rather placid, tranquil and complacent attitude that has been created by the two previous speakers.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

Tuesday, April 4, 1989

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, APRIL 6, 1989

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S9:30 a.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 3

OFFICIAL REPORT
(HANSARD)

Wednesday, April 5, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, April 5, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

POVERTY IN CANADA

SENATE REPORT ON POVERTY—POVERTY LINE UPDATE, 1987
PRINTED AS APPENDIX TO *MINUTES OF PROCEEDINGS*

Hon. David A. Croll: Honourable senators, I rise on a matter of personal privilege. Yesterday I made a motion to table a document, being an update to 1987 of the poverty line, and it was my wish that it be printed as an appendix. Senators agreed to my motion, but it would appear from today's *Minutes* that it was not printed. I should like to make sure that the report is printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of Update see today's Minutes of the Proceedings of the Senate.*)

COMMITTEE OF SELECTION

FIRST REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April, 5, 1989

The Committee of Selection has the honour to present its

FIRST REPORT

Pursuant to Rule 66(1)(a), your Committee nominates the Honourable Senator Molgat as Speaker *pro tempore*.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted

SECOND REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April 5, 1989

The Committee of Selection has the honour to present its

SECOND REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Barootes, Bolduc, Corbin, Guay, Kelly, Kenny, LeBlanc (*Beauséjour*), Lefebvre, Lewis, *MacEachen (or Frith), Marchand, McElman, *Murray (or Doody), Nurgitz, Phillips, Rossiter and Wood.

* *Ex officio* members

SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators, Bazin, Beaudoin, Bosa, Doyle, Fairbairn, Frith, Hays, Kelly, LeBlanc (*Beauséjour*), *MacEachen (or Frith), *Murray, (or Doody), Nurgitz, Stewart (*Antigonish-Guysborough*) and Stollery.

* *Ex officio* members

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted

COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-FOURTH GENERAL CONFERENCE, CANBERRA,
AUSTRALIA—NOTICE OF INQUIRY

Hon. Heath Macquarrie: Honourable senators, I give notice that on Tuesday next, April 11, 1989, I will—and I am not using the word “shall” which ungrammatically was in the forms for many years—call the attention of the Senate to the Thirty-fourth General Conference of the Commonwealth Parliamentary Association, held in Canberra, Australia, from September 14 to 25, 1988—which conference featured such notables as Senator Petten and myself.

Senator Frith: Wilfully proposed!

[Translation]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—NOTICE OF INQUIRY

Hon. Paul David: Honourable senators, I give notice that on Tuesday, April 18, 1989, I shall draw the Senate's attention to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.

[English]

CANADA-UNITED STATES FREE TRADE AGREEMENT

FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MONITOR AND REPORT ON IMPLEMENTATION AND APPLICATION OF IMPLEMENTATION ACT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Foreign Affairs be authorized to monitor and report on the implementation and application in both countries of the Canada-United States Free Trade Agreement Implementation Act, as well as on any other related trade developments;

That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament be referred to the committee.

If leave is granted, I will give a one-sentence explanation about this motion.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, this is the renewal of a mandate given to this committee in the First Session of the Thirty-fourth Parliament.

Motion agreed to.

QUESTION PERIOD

VIA RAIL

AVAILABILITY OF SERVICE—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, I would not like to disappoint Senator Barootes.

Senator Frith: The guardian of Question Period!

Senator Olson: I know that he wants to hear the explanation about—

Senator Doody: No; we want to hear Senator MacEachen!

Senator Olson: —the conversion, the profound change since 1984 in VIA Rail such that we are now hearing statements from the Prime Minister, for example, like “Use it or lose it!”, and that sort of thing.

I am not trying to argue today that it should or should not be changed, but there has been no apparent change since 1984 that would call for the drastic reduction in VIA Rail service that apparently the government is contemplating. There is some importance in this too, honourable senators, because quite a few isolated communities do not have any other services in place if VIA Rail service is cut completely. Those communities have a right to hear from the government and to understand why this tremendous change has come over the government.

Up to 1984 the previous government had made some significant changes that reduced the deficit rather substantially; it went down to something under \$400 million. When this government came to office, or when it was trying to get into office, some progress was made about restoring all the services that had been cut, and so on, the consequence being that the deficit was run up to over \$600 million. In fairness to the people who do have to use this service and have no alternatives, perhaps we could hear from the Leader of the Government. This conversion is, as Mr. Diefenbaker used to say, the greatest conversion since the conversion of St. Paul on the road to Damascus. Maybe Senator Flynn will remember that too.

Senator Flynn: Your leaving the Social Credit Party was not bad also!

Senator Olson: Well, there are some great conversions that have taken place, but usually there is a reason. If Senator Flynn cares for me to give him an explanation, I am ready to do it. However, there are also some people who need the VIA Rail service. Some people use it for commuting to work, and there are isolated communities where there are no alternatives. Perhaps the Leader of the Government could tell us why there has been this great change in just these four years.

Hon. William M. Kelly: Honourable senators, may I rise on a point of order?

Senator Frith: You always can.

Senator Kelly: Honourable senators, I am still relatively new here, but I am trying to understand whether rules 20(4) and 20B, on pages 9 and 10, respectively, of the red book apply. For example, rule 20B states:

A preamble to a question, whether it is asked orally or in writing, is out of order.

When does a preamble become a preamble? I guess that is the question I am raising.

• (1410)

Senator Doody: When it is given by Senator Olson.

Senator Kelly: I am a great admirer of Senator Olson's, as he knows, and my remarks are not personal in any way. However, rule 20(4) reads as follows:

A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

I, for one, am becoming increasingly confused on how we interpret the words "brief" and "preamble", and I am wondering if we could regard the rules a little more seriously, out of respect for all of our colleagues in this chamber.

Senator Olson: I have no objection to Senator Kelly's attempting to get an explanation. However, a number of senators with much more experience than I have said that the Senate usually functions better when it disregards the rules and does what seems sensible. In fact, Senator Flynn said that a thousand times when he sat over here. Also, the chairman of the Standing Rules and Orders Committee, Senator Molson, almost always introduced changes to the rules with the thought that I have just conveyed to this chamber.

If Senator Kelly wishes to tighten up the rules of this chamber so that everyone maintains some sort of rigid interpretation of what is in that red book of rules, I would encourage him to go ahead. However, I would say to him that it would not augur well for the Senate if that were to happen. After all, before too long, perhaps within a year or two, you fellows will be over on this side of the chamber and then Senator Flynn will have to teach Senator Murray some of the tricks that he knew when in opposition. Of course, Senator Murray himself was pretty good at it too when he was over on this side. However, if this is the kind of rule change or behaviour change that you wish—

Senator Flynn: Order, order!

Senator Frith: Senator Olson is speaking to Senator Kelly's point of order. He can speak all afternoon on a point of order if he wants to.

Senator Doody: It is more interesting than the preamble!

Senator Olson: Honourable senators, quite frankly, I really do not believe that Senator Kelly wants a change in behaviour in this chamber.

In any event, perhaps the Leader of the Government can now get down to the serious business of giving some guidance to the people who rely on VIA Rail as to what this conversion is all about. We know about the \$600 million deficit, but we

[Senator Frith.]

also know that that did not bother your government at all some three or four years ago when you restored some services. I can give you an example in the run from Winnipeg to Edmonton to Vancouver. That run is being used a whole lot less now. What are the reasons for this conversion? Is it just that you have misplaced your rose-coloured glasses, or do you have some intelligent explanation with respect to this conversion?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Olson speaks of a conversion, and he cites as his evidence the injunction of the Prime Minister at Meech Lake a couple of weeks ago to "Use it or lose it!" The fact of the matter is that that does not represent a change in policy at all. What the Prime Minister was doing at that time—and said he was doing—was quoting the former Minister of Transport, Mr. Mazankowski, who said the same thing almost three years ago.

Senator Olson: That, however, is not what Mr. Mazankowski said four or five years ago, because he went about western Canada at that time telling everyone—

Senator Flynn: What is this?

Senator Olson: Senator Flynn, as Senator Kelly has said, you need a little preamble, otherwise you do not understand the question.

Senator Barootes: And you do not understand the answers when they come!

Senator Olson: Honourable senators, that is just about the most bullying type of statement that can be made. If the Prime Minister has any knowledge at all of these isolated communities who use VIA Rail, he knows very well that those communities—

Senator Flynn: Order!

Senator Olson: —cannot use VIA Rail sufficiently to cover the deficit. If that is the philosophy that this government intends to use with respect to the rail service to all of those communities who rely on the railway—and, indeed, the commuter service where they really rely on the railway—then it would be interesting to know that.

Senator Flynn: Order!

Senator Olson: I would merely like the Leader of the Government in the Senate to confirm that the attitude of this government is that you intend to bully these small communities with respect to this matter. If it is, then it is no excuse at all, because the situation with respect to the railways has not changed for the last 20 years.

Senator Murray: Honourable senators, surely the honourable senator will agree that affordability of passenger rail service is a major issue that must be addressed by the government, especially in those areas where passenger rail services are greatly under-utilized and/or where there are alternative modes of passenger transportation.

Senator Olson: Honourable senators, I have a supplementary question. The fact of the matter is that there are no changes that I know of under which all of these events could have taken place since 1984. Is that the reason that the government has finally smartened up? Do they understand what the real world looks like now? Is that all there is to it, or is there some important, significant, substantial reason to have changed so profoundly since 1984? The government and the Leader of the Government must remember that they promised to increase the services and they did in one or two areas.

Senator Murray: And said, "Use it or lose it!" Mr. Mazankowski said that much.

Senator Olson: He did not say that prior to whatever date the election was. On September 4, 1984, he did not say, "Use it or lose it!" That is something new that has come along.

Senator Flynn: Is he going to make another speech?

Senator Murray: Perhaps I misunderstood the honourable senator. I had thought that he was pleading in his opening question for a continuation of passenger rail service.

Senator Olson: No, I wasn't arguing that!

Senator Murray: Now, it appears that he is agreeing—

Senator Olson: No, no, no!

Senator Murray:—that considerable cutbacks need to be made. Perhaps I can close off the exchange by drawing his attention to the words of another distinguished former Minister of Transport and former chairman of the Canadian Transport Commission. I refer, of course, to the Honourable J.W. Pickersgill—

Senator Doody: A great Canadian!

Senator Murray:—who in an article in *The Citizen* on June 1 last said:

In 1977 the government decided to relieve the railways of responsibility for passenger service and entrusted that service to a Crown company to be called VIA Rail. VIA Rail has been a financial failure. From 1985 to 1988 VIA Rail received from the Treasury more than two billion dollars.

And what have we got in return? VIA Rail carried 5,865,000 passengers in 1987, scarcely more than 16,000 a day. It has about 7,500 employees. The 16,000 passengers are not even different because many passengers travel twice on the same day. In 1987 the taxpayers—

I emphasize "the taxpayers"—

contributed about \$100 for each passenger carried. By contrast the passengers pay the full cost of intercity motor bus service.

If passenger trains continue in service most of the cost must be borne by the Treasury at well over half a billion a year. Yet passenger trains are not essential.

Surely the right policy would be to abolish rail passenger service as fast as possible. VIA Rail adds substantially to the federal deficit—and it is still growing.

Honourable senators, without necessarily endorsing the conclusion of the Honourable J. W. Pickersgill or subscribing to everything that he has said in his argument, I thought it was important to put that on the record in order to balance some of what we have heard this afternoon.

Senator Frith: If a deficit is the test, then the government is also a failure!

Senator Olson: Honourable senators, the Leader of the Government has obviously completely missed the purport of my question. I had asked him what had changed. We knew before all of what he has just read. It can be written out in different ways, but that deficit has been there a long, long time. I should also remind the leader that a number of studies have been made about passenger service in Canada and there are some recommendations respecting such things as categorizing the company according to its commuter service, its transcontinental service and various other things, and allocating funds for these categories, if the company is to continue. However, that is not what the government said. The government said that the company had previously been mismanaged.

Today there is a long article in the *Globe and Mail* about some other people who have been appointed to the board of directors of VIA Rail since 1984, which could lead one to believe that there has been gross mismanagement to an even greater extent than whatever it was before 1984.

• (1420)

I would like the Leader of the Government to tell us whether or not he endorses the kind of argument they made in 1984, that there was mismanagement, and whether changing the deficit from \$400 million to \$600 million per year is an indication of improving the management of that service.

Senator Murray: What the former Minister of Transport, Mr. Mazankowski, said was that the government was standing behind VIA Rail, was adding to its capital, and was encouraging it to provide better service. I have no doubt that the management has tried, and certainly the employees have tried, as anyone who has travelled on VIA Rail—as I have done, as a non-revenue producing passenger like my honourable friend—would recognize. An effort has been made all round, certainly by the employees and certainly by the government.

We are now considering VIA Rail's situation in light of the public response over the past few years and in light of the obviously unenviable fiscal situation in which the government finds itself. I cannot go further than that today.

HORNER REPORT—GOVERNMENT ACTION

Hon. Joseph-Philippe Guay: I have a supplementary question for the Leader of the Government in the Senate.

I am sure we are all familiar with the very good report prepared by Dr. Horner, which, if implemented, I believe, would have encouraged people to use the services of VIA Rail. It is my understanding that that report was presented to the government a couple of years ago, and I should like to know whether or not cabinet seriously studied the report or if it just

left the report lying around. I believe it is important to know whether that report was considered.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I was not a member of the ministry when Dr. Horner's report was presented to the government.

In any case, the facts of the situation are that the previous government, when Mr. Pepin was minister, abandoned or effectively cancelled a number of passenger routes, and when the present government took office those were restored at the direction of the government. Various other steps were taken by the government to support VIA Rail in the hope and expectation that that company would become a financial success and would receive sufficient patronage from the public to justify the direction that the government had taken and the increased investment that the government had made in the company. We are now considering the results of that exercise.

AVIATION SAFETY

PEARSON INTERNATIONAL AIRPORT, TORONTO—GOVERNMENT ACTION

Hon. Jeremiah S. Grafstein: Honourable senators, I should like to address a matter of pressing national importance to the Leader of the Government in the Senate.

The Canadian Aviation Safety Board has made an unprecedented interim report condemning the air safety standards at Pearson International Airport. By law, the Minister of Transport is not required to respond for 90 days. However, we are told in recent press reports that a number of near airplane misses happened within a period of several days that could have had disastrous effects for the travelling public, including the members of this chamber and the other place as well as ministers of the Crown.

It is not my intention to exaggerate these unfortunate circumstances, but this critical safety board report is, in my view, probably the worst condemnation of air safety standards in living memory directed to a federal ministry responsible for air safety. There has never been anything so dramatically critical, to my recall, in the last two decades dealing with air safety in Canada.

Obviously, this may not be the best place to challenge the government with respect to appropriate responsibilities of a minister of the Crown in the circumstances; that, I think, is the responsibility of the other place; but I would ask the Leader of the Government in the Senate if he would respond as quickly as possible on steps being taken to reduce the terrible situation affecting air safety at Pearson International Airport. The report in today's *Globe and Mail* is the most frightening report of its kind that I have seen in the last 20 years or so that I have been following these issues.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not read the report to which my friend refers and, therefore, cannot vouch for its authenticity. I will ask my

[Senator Guay.]

colleague, Mr. Benoît Bouchard, for a report and will convey it to the Senate at the earliest opportunity.

SPEECH FROM THE THRONE

OMISSION OF MENTION OF HIGH INTEREST RATES AND OF ACQUISITION OF NUCLEAR SUBMARINES—REQUEST FOR STATEMENT

Hon. Stanley Haidasz: Honourable senators, I have a question for the Leader of the Government in the Senate. As he should well know, there were grievous omissions from the Speech from the Throne. Firstly, there was no mention of the urgent and important national issue of the ominous interest rates that are adversely affecting many Canadians and about which our western premiers are very much concerned. Secondly, there was the omission of any mention of the proposed acquisition of nuclear submarines. Would the Leader of the Government in the Senate kindly be forthright and make a comment on these matters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not know what statement the honourable senator was expecting from the government on the matter of nuclear submarines. He will know that the subject was covered in the white paper tabled some time ago by the then Minister of National Defence, Mr. Beatty. If there were any further statement to be made on that matter, it would be made by the present Minister of National Defence, Mr. McKnight.

As to the question of interest rates, I can only say that it would seem to me to be a subject that would be more properly treated, if it is to be treated at all in a policy sense, in the forthcoming budget of Finance Minister Wilson. I observe in passing, however, if I read correctly what the Governor of the Bank of Canada has been saying on this subject, that, if we in Parliament do our part to get the fiscal situation well under control and reduce the deficit, this would enable the central bank to ease up on interest rates. At least, that is how I read the public declarations of the governor. Therefore, I expect Senator Haidasz and other members of this place to be fully supportive of the efforts of the Minister of Finance in that respect.

Hon. Senators: Hear, hear!

[Translation]

NATIONAL REVENUE

UNPAID INCOME TAX—EXCESSIVE INTEREST RATE

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate.

This morning, I received a notice from Revenue Canada Taxation and I suppose that you all received it. It reads in part as follows:

Revenue Canada Taxation has announced that the rate of interest prescribed for unpaid taxes and tax overpayments is 12 per cent for the next quarter.

Does the Government not find this decision usurious? Does the Government not think that it is a bad example to give those who want to limit interest rates?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, some taxpayers are rather slow in paying their taxes. We do not want these taxpayers to benefit from delaying.

The 12 per cent interest rate does not seem unreasonable to me, given the current interest rates in the country.

Senator Denis: The interest rate is not excessive for you, but it may be for those who are less fortunate, those who cannot pay their taxes in full.

You know there are hundreds of thousands of such people and they already have enough trouble paying the small amount of tax they are charged without also having to pay an almost usurious rate of interest. That is the expression to use in this case. Furthermore, this directive is complicated. It says:

... 12 per cent for the next quarter.

Does this mean that later, the interest rate will be higher, lower or the same?

This rate is in effect from April 1 to June 30, 1989.

It is always complicated when you want to make people pay. It would be good if you gave us some details, such as what is meant by:

... 12 per cent for the next quarter.

Is the rate 12 per cent net or 12 per cent on a daily basis? Is it 12 per cent only for a month? This rate of interest is almost usurious.

Therefore, I would like the Government to review, if possible, this interest rate, which is a bad example for those who want to pay as little tax and as little interest as possible.

Senator Murray: Honourable senators, my friend Senator Denis claims that it is the less fortunate who are slow paying their taxes—

Senator Denis: Yes, Senator Murray.

Senator Murray: Now, that is not the case, in my experience.

In any event, the interest rate that the Government charges those who are late rises and falls with the bank rate.

If honourable senators wish to have more information on this subject, I shall inquire with my colleague, the Minister of National Revenue, and report back to the Senate in due course.

Senator Denis: The honourable minister has not answered my question. Nevertheless, when unpaid taxes are owing, it is the poor who will pay interest. It is their money that will be used to pay this higher rate of interest. However, if too much tax has been paid, the Government can afford to pay it back. It has the wherewithal because it uses the taxpayers' money. The poor person pays with his own money. That is the difference.

• (1430)

[English]

THE ENVIRONMENT

PROTECTION OF CANADIAN ARCTIC—AVAILABILITY OF OIL SPILL CONTAINMENT EQUIPMENT

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate and is in regard to Canadian Arctic environmental protection.

In the light of the unfortunate spill on the Alaskan coast, it would appear—and I am going purely by news reports—that the necessary equipment to contain the spill was not available in the right quantity, or the right quality, or the right type so that the spill appears to be much more serious than possibly would have been the case had the proper equipment been available. I recognize that we do not have the same degree of risk because we do not have the types of tankers travelling the Canadian Arctic at this time that are travelling off the west coast; nevertheless, there is a certain degree of risk to the Canadian Arctic at this time. We do have drilling going on in the Beaufort Sea. I believe we do have some tankers going through at certain times of the year to supply the Arctic region.

Because the Arctic is such a delicate environment, do we have the assurance of the government that either in government hands or in the hands of the private companies involved there is the right type of equipment in the right quantity available in the event of such a spill, at whatever degree of risk that we have now in the Canadian Arctic?

I recognize that this may have to be increased as the risk increases, but there is a certain amount of risk now. Do we have that protection? Can we give that assurance to Canadians?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a rather large question and I would want to obtain a prepared statement on the matter from my colleague, the Minister of the Environment, and I shall do so.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator MacEachen, P.C.*). (1st day of resuming debate)

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I wish to thank and congratulate the mover and the seconder for launching the debate. Both speakers gave thoughtful contributions to the debate and set us on our course very well indeed. I, of course, tried to find common

ground with the mover and the seconder so that I might be as gentlemanly as they were in my opening comments.

After having examined their speeches, I find one ground which I do share with them, and that is the congratulations which they offered to Your Honour on your reappointment to the Chair. Senator Ottenheimer promised you, Your Honour, cooperation and loyalty, and I certainly would do the same; however, I would first like to have the implications of the expression "loyalty" interpreted for me.

Now, I was interested in how differently the two speakers saw the Speech from the Throne, so there will be no surprise if I see it differently from either of them. Senator Bolduc, in his comments, stated:

... the Speech from the Throne provides us with a program of action which fully meets the challenges of the nineties, the last decade of this century.

So we have a "program of action". Senator Ottenheimer saw it differently. He thought it was rather philosophical, filled with principles, and given at a fairly conceptual level with very little detail. So it was hardly a program of action for Senator Ottenheimer.

I thought that either the mover or the seconder might have explained to us why the Speech from the Throne did not make any reference to the normal requirement of Her Majesty for supply. There is no reference in this Speech from the Throne that the Crown will be coming to Parliament for supply.

Senator Murray: Rest assured, it will!

Senator MacEachen: I think it is an historic omission from any Speech from the Throne. However, I gathered from yesterday's speeches that both the mover and the seconder found great favour with the Speech from the Throne, whether it be regarded as a philosophical document, as it was by Senator Ottenheimer, or as a program of action, as found by Senator Bolduc. For myself, it is the first inkling of what the government intends to do with its new mandate, and it is only an inkling. We will know more when the fiscal plan and the budget come forward from the Minister of Finance. In the meantime, we are, to some extent, groping for an insight into what the true intentions of the government will be.

This is the fourth consecutive Speech from the Throne from the present Conservative government. We may search diligently for what its plans are and come up with only vague statements of intention, but there is one thing we do know—that is that we cannot be quite sure that what the government says it will do will turn out to be what it actually does. If the previous four years are any indication, the government has shown remarkable consistency in taking a course of action at complete odds with what it has previously proclaimed to be public policy.

● (1440)

Though great emphasis was placed in the speech on the fiscal and economic health of Canada, I wish to begin by examining its political health. In 1984 the government promised "reconciliation and national unity". That grand phrase has been dropped by the government, no doubt in an attempt

[Senator MacEachen.]

to adjust its vocabulary to its modest attainments. The Conservative government vowed in its first Speech from the Throne to bring harmony to this land. "A priority goal of my Ministers will be to breathe a new spirit into federalism and restore the faith and trust of all Canadians in the effectiveness of our system of government"—so stated the Speech from the Throne. Well, I do not think it is necessary to comment on the matter of "faith and trust" during the past four years. The record, as revealed in *Hansard*, in the press and in court documents, speaks for itself. I only observe that when the Prime Minister admitted, during the televised debate in November, that he did not do as well as he should have in "moving more swiftly to depoliticize what are called Governor in Council appointments", I found that no one disagreed with him.

In 1986 "reconciliation and national unity" had been renamed "national reconciliation", and, incidentally, no longer was there any mention of faith and trust in government. Even the Conservatives realized that any mention of faith and trust would bring with it only ridicule. What faith and trust can Canadians have, for example, in a Minister of Finance who assured Canadians in November that the treasury was awash with funds in the form of reserves, and today is talking in crisis tones about the fiscal state of the country? Of course, on Monday we had the 1989 version of "national reconciliation"—a more modest term, not an action term; it is now "Canada's national identity". Well, is the selection of a new term an indication from the government that reconciliation is now complete, or does it show that the government wishes to forget the failures under the rubric of national reconciliation?

What of the last four years? Well, Meech Lake, which was to be the crowning jewel for the government, is in danger of becoming its crown of thorns. The chances of ratification are certainly not bright. The government refuses any modifications—it is totally stiff-necked in this regard. The seamless garment cannot be returned to the dressmaker for restitching before the bride is taken to the altar. In the meantime, of the ten premiers who put their signatures to the agreement only six remain, and, as often as not, the successors have expressed serious reservations about what was concluded. Perhaps the Leader of the Government, in his reply, can remove the impression I am creating that the chances for ratification are not bright.

In 1984 the government also made another profound commitment. In the words from the Speech from the Throne, the government proclaimed its commitment "to ensuring that the equality of the two official languages—so vital to our national character and identity—is respected in fact as it is in law." The Oxford definition of "ensure" is to "make certain". The government committed itself to make certain the equality of the two official languages, so vital to our national character and identity.

Has this commitment to ensure and make certain the equality of the two official languages been fulfilled in Canada? There was hardly a mention—just a mention—of this in the Speech from the Throne, but, judging by the recent contro-

versy over languages, the answer would appear to be no, the commitment has not been fulfilled.

When Premier Bourassa announced that his government would utilize the "notwithstanding" clause in the Constitution, the federal government displayed first an eloquent silence and then a cacophony. The Prime Minister, while declining to comment directly on the matter, did find words to blame the previous government for his troubles. When in doubt, when in a box, when lacking an answer, blame the previous government. One would think it had become rather stale after these glorious years of Conservative rule, but that is the Prime Minister's frequent tactic and which he again used when he said:

My regret is that in 1981 and 1982 the Government of Canada deemed it appropriate to surrender a "notwithstanding" clause which allowed the various provinces of Canada to override fundamental rights.

I must say that his colleague in the government, Senator Murray, was equally equivocal, hardly taking a posture that would make certain, in accordance with the early commitment, the equality of languages in Canada.

The "notwithstanding" clause is there.

To use a gesture typical of St. Laurent, "It's there."

"It is incompatible with (human rights guarantees) but nevertheless it is there . . . You cannot rush out to condemn a government that makes use of it."

So said Senator Murray.

Well, why not? That is what I would like to know. Why can't you condemn a government that makes use of a "notwithstanding" clause which, in the words of the minister, is "incompatible with human rights"? Maybe we could have an explanation.

We ask again what happened to the commitment in the 1984 Speech from the Throne to ensure or make certain the equality of the two official languages. Well, the Prime Minister, who showed great reluctance to tackle the issue head on, did eventually muster up enough courage—or whatever—to give Canadians a general overview of his thinking, and it was as follows:

Anything that offends against the Charter is something that I find unsatisfactory, both as a legislator and a Canadian.

While the Prime Minister resorted to generalities, his Secretary of State, the Honourable Lucien Bouchard, dealt in specifics, claiming that the opting-out clause is "essential for the survival of certain fundamental Québec values" and that the "notwithstanding" clause is "one of the powers that Québec has kept and it is essential for its survival." When questioned about the apparent contradiction, the Prime Minister claimed, "There is no contradiction whatsoever", and rhetorically asked, "Now, are there differences concerning nuances?" Apparently, the answer was yes, because in short order the minister was gone. All I can say is, "Some

nuance"—powerful enough to dethrone the hitherto, shall we say, invulnerable former Ambassador to France.

● (1450)

When Gerry Weiner replaced Mr. Bouchard as Secretary of State, he expressed the view that, although Quebec should not have used the "notwithstanding" clause, he had no difficulties with the position taken by his predecessor. He said the following: "I have said that Mr. Bouchard is correct in what he has had to say and I do not disagree with what he said."

Later in the same interview he said, "I have found, in essence, both positions to be correct and I'm trying to find areas of agreement and cohesiveness in both positions." Of course, when asked how can both positions be correct, he replied, "Well, it is my reading of it, of course."

We know the Prime Minister's overview; we know Mr. Bouchard's contrary but direct position; and we know the Secretary of State's "both sides are right" position. I would now appreciate the position of the minister responsible for federal-provincial relations. Will he choose door number one, door number two or door number three, or is there a door number four behind which lurks the conviction that Messrs. Mulroney, Bouchard and Weiner are all right?

I can only say, honourable senators, that it appears that, when principles have political costs and when commitments have political costs, they are found to be unaffordable by the Prime Minister. What is perhaps most lamentable about this subject is that, when Mr. Mulroney was opposition leader and spoke in favour of a House of Commons resolution calling upon the Manitoba government to extend French language rights, he had no difficulty in proclaiming his non-negotiable commitment to the protection of minority language rights. Speaking of the francophone minority in Manitoba, he said:

I think of them and I salute them for their dignity and their courage . . . There can be no doubt where I stand. There can be no questions as to where the obligation of a national political party lies. It lies today, as it shall tomorrow, in ensuring that our minorities in Canada are treated at all times with dignity and with justice.

That quotation is from *Hansard*, February 24, 1984, pages 1712 and 1713.

Once again, the Prime Minister used the word "ensure", to "make certain". We must make certain of the equality of minority language rights.

The Prime Minister's conversion from activist to bystander occurred, however, long before Mr. Bourassa's announcement. When the Supreme Court of Canada found that francophones in Saskatchewan and Alberta enjoyed extensive historical rights in the courts and the legislatures, the Prime Minister did little to protect these rights when they were subsequently cut back by the provincial governments. The Prime Minister wrote to Premier Devine to say, "We were disappointed and would have preferred your government had done more, more quickly." There was no reference to ensuring or making certain. Of course, Mr. Bouchard concluded that Mr. Devine was "a man of good faith" and "a fair-minded man".

Perhaps the best indication of the vigour with which the federal government strove to ensure the equality of the two official languages is to be found in the words of Premier Devine, who said that he had spoken with the Prime Minister and that "he doesn't have strong criticism for me or the way we're handling this issue." That is from the *Toronto Star*, April 10, 1988.

No longer is there talk of the "courage" of linguistic minorities. No longer does the Prime Minister "salute" them for their "dignity". They have become nonentities. Mr. Mulroney's perception of the obligations of his party, his government and his office have been placed in serious question.

No wonder it is appropriate to ask, "Who speaks for Canada?" It has been left for others to advance the cause of linguistic minorities. When Mr. Turner, in the House of Commons, stated that "rights (were being) trampled in Quebec", the Secretary of State for External Affairs, answering for the Prime Minister and speaking for the government, declined to give a direct response. Canadians who expect leadership from government took no comfort from the answers provided.

Those of you who have read the *Globe and Mail* today will have noticed a statement from Mr. Peter Blaikie. He is probably better known personally to members opposite than to me. He said, and I am paraphrasing his words, that in Quebec the English-speaking minority is back to square one. "We have never been as badly off, and in this province there is a profound sense of alienation among the anglophone minority." That is what Mr. Blaikie said.

As Senator Bolduc spoke about the progress which Quebec is making in many fields, and which we all salute as being of benefit to Quebec and Canada, I would have appreciated knowing whether that profound sense of alienation which Mr. Blaikie finds among the English-speaking community is in accordance with his concept of Quebec moving down the road to modernity. Perhaps Senator Bolduc, from his experience, will give us his views on this particular question, which falls under the heading of national reconciliation. Surely there are those linguistic minorities who feel hardly reconciled to the realities of today, and perhaps that is a matter that should be examined in the context of the political health of Canada.

So that is one pillar that was constructed in 1984 by the new government and which is not now found in the Speech from the Throne.

There was another pillar called "constructive internationalism". Remember that? I remember it very well. It had evolved from "renewed Canadian internationalism" in 1984. We know that the slogan for Mr. Castro's foreign policy was proletarian internationalism. For Canada it was constructive internationalism and renewed Canadian internationalism. In both the 1984 and the 1986 Throne speeches defence, for example, occupied a prominent place, while on Monday it was conspicuously absent. There was not a mention of national defence; not a mention of the re-equipment of the Canadian forces; not a mention of the submarine program.

[Senator MacEachen.]

• (1500)

Senator Marchand: It was submerged!

Senator MacEachen: In 1984 we heard the words, "My government is determined that Canada will again play its full part in the defence systems of NATO", and that a comprehensive review of the armed forces would be undertaken in order "to clarify the mandate of our military and to give them the resources they need to do their job."

In 1986 the government spoke with even greater conviction by stating:

My government has taken steps to modernize and renew the strength of our armed forces and increase our NATO contingent in Western Europe.

These commitments and pronouncements, which received far less attention than they deserved, actually had their genesis in the 1984 election campaign, when Liberal achievements were denigrated and Conservative promises made.

In the summer of 1984 the then Conservative defence critic, Harvie Andre, pledged that a Conservative government not only would honour our NATO commitment to increase real defence expenditures by 3 per cent annually but would double them to 6 per cent.

For the record, in the five Liberal fiscal years between 1980-81 and 1984-85 annual defence expenditures experienced real growth rates of 5 per cent, 7.9 per cent, 8 per cent, 8.5 per cent and 9.2 per cent, respectively, calculated using the GDP price deflator for inflation. We were one of only two NATO members who met the common commitment of 3 per cent real growth for those years, the other being the United States.

Well, what we did was not good. What we did was not enough. The Conservatives promised to do better, much better, "twice as good in growth" said a member of the present government, Mr. Andre. In November 1984, after they formed the government, \$150 million was slashed from DND's budget, and, when the results were in for the 1985-86 fiscal year, the real increase in defence expenditures was 0.7 per cent. So much for the NATO commitment of 3 per cent, let alone the promise to double it.

The government pulled up its socks with a 7.1 per cent real increase in 1986-87, but slid in 1987-88 to 3.3 per cent and submarined in 1988-89 to a projected real increase of minus 0.3 per cent. During their first four years in office—and just keep this in your heads—the Conservatives delivered an average yearly real increase in defence expenditures of 2.7 per cent. This compares to annual average real increases of 8.4 per cent in the course of the preceding four Liberal budgets.

When the Tories criticized the Liberal record, claiming we were not doing enough, they failed to explain that they intended to do less while promising more. As in so many other instances, the Conservative government broke its promise made to Canadians, made to those who serve in our armed forces and made to our allies. But the breaking of promises, on a world scale, was a talent for which the government showed an instant predilection. An identical script was, and is, being played out on the matter of our official development assist-

ance. In 1989 both defence and foreign aid are conspicuous by their absence from the government's agenda. Neither was mentioned on Monday; they have vanished.

An Hon. Senator: They do not have any money!

Senator MacEachen: Now, I am talking about comparative figures. But, despite the comparisons, I certainly do not belittle the expenditures which Canada is making on national defence. For the fiscal year that we have just ended the estimate is that, out of our budget, we will be spending about \$11 billion on national defence. That is substantial and should not be overlooked. I have been attempting to put some reality into the record of the government, and particularly how well it has carried out its commitment over the past four years. I have taken defence because it was such an important aspect, and will continue to be, of Canadian foreign policy.

The record on official development assistance is not good. We have backtracked there despite pronouncements of the foreign minister at the United Nations, and we will probably see more of it when we get the budget. It is only within recent months that the Canadian public and the media are realizing how lackluster the performance of this government really is in the area of foreign affairs.

The field of foreign affairs is so rich in happenings, ranging from deplorable to hilarious, that the list looks like an encyclopaedia covering all letters of the alphabet: Arctic, apartheid, arms exports, east-west, francophonie, Haiti, Israel, Middle East, patronage. It would take too much time to go through the entire fascinating record this afternoon. I will do so at another time and try to pass a more complete judgment on what we have had in the past four years and assess what the government has done under the rubric of "constructive internationalism". But that is not for today. The big question at the moment is: How and by whom is our foreign policy made?

Let me illustrate by reference to what the *New York Times* and *Globe and Mail* and *Maclean's* magazine call the "case of the wobbles" over the "Satanic Verses". If ever there was a clear expression of international terrorism, it was the Ayatollah's call for the murder of Salman Rushdie, and if there is a principle basic to our civilization, it is the right of free expression. That is why European governments, which do not readily agree on many things, unanimously condemned the Ayatollah's dictate. That is why the United States, which does not readily agree with the Europeans on many issues, readily took the same position. Not so for Canada. Joe Clark fretted and dithered. The Prime Minister's Office failed to grasp the significance of the issue when it received the complaint about the "Satanic Verses". It sent it deep into the bowels of Revenue Canada, where bureaucrats are expected to deal with sedition, hate literature and obscenity. The book was barred from entry, pending review. In an interview with Joe Clark, Mr. Fotheringham went straight to the point when he said:

Do you suffer chagrin from holding up to the world the fact that we have some gumshoe in Revenue Canada who decides what Canadians can read?

This is what Mr. Clark said:

I am not apologizing. I am not ashamed of the fact that there is a provision in Canada that tries to protect particular groups against hate literature.

Mr. Clark was totally missing the point. What was at stake was not a piece of Canadian legislation, which no one puts into question, but an international affront to the rule of law and the freedom of expression. If Joe Clark was failing to comprehend the significance of Iran's move, Canadians were not.

• (1510)

For days, however, the Secretary of State continued to believe that we had to look beyond outrage and should encourage moderate leadership in Iran and avoid isolating the ayatollahs. For instance, I refer honourable senators to Mr. Clark's interview on *Sunday Morning*, just a few days before he recalled our ambassador, in which he referred to this act of international terrorism as "a statement", and that it was not an occasion that should be used to define Canadian foreign policy.

However, honourable senators, something happened, and there was an abrupt about-face and we recalled our ambassador. In fact, at the moment that Mr. Clark made the statement that we ought to be encouraging the moderate leadership emerging in Iran we know from subsequent events that took place in Iran that extremism was on the rise, rather than moderation.

So, Honourable senators, there it is. With respect to this matter, how did the Prime Minister react? He said that he was "embarrassed" by the action of Revenue Canada. He said that perhaps there ought to be a change, and that these matters should not be left in the hands of the bureaucrats. Here again is another characteristic: When in trouble, blame the bureaucrats. What has happened to ministerial responsibility, and what has happened to prime ministerial responsibility? The bureaucrats were acting under the law. Perhaps the law is wrong and ought to be changed; I don't know; but surely it is not good practice for the Prime Minister, when in difficulty, to blame the bureaucrats. We know that time and time again the Prime Minister and Mr. Clark are on different courses. Presumably, if there was any one point on which they could ever agree, it would be that at times their difficulties are the fault of the civil servants.

Who, in fact, has been the architect of constructive internationalism? Has it been Mr. Clark, the Prime Minister or others? Certainly in our relationship with the United States the Prime Minister got the songs and the smiles. However, for Mr. Clark there was not much basking in the sunlight; not much caviar and—what was that delicacy that was served at that first opening banquet in Washington?

Senator Frith: Angel-hair pasta.

Senator MacEachen: Yes. None of that for Mr. Clark. We are told that he was chairman of the inter-ministerial committee steering the free trade negotiations, but, in the moment of truth, who went to "Canossa"? Not Mr. Clark. It was the Minister of Finance, the Minister of International Trade and, of course, Derek Burney. Mr. Clark, the Secretary of State for

External Affairs, who is by law responsible for international trade, was out of the action. How can he build his credibility internationally when it is seen that, when there is major action, he is not in the picture?

On the matter of apartheid, the Prime Minister was denouncing it and posturing a tough stance at the tribune of the United Nations—sanctions there would be; but Joe Clark became the whipping boy of his Southern African Commonwealth colleagues about the booming Canada-South African trade. Mr. Clark was shocked by the Israeli "violation of human rights" in the occupied territories, but the Prime Minister was praising Israel's restraint. They have not improved their act over PLO recognition. They ought to get together and decide their policy.

Both the Prime Minister and the Secretary of State for External Affairs denounced dictators and abhorrent regimes, but Mrs. Landry, who is part of the foreign affairs entourage of the minister, endeavoured to convince us that General Namphy was leading Haiti towards democracy. We know damned well what happened since that democratic evolution.

Mr. Clark at a certain point was contributing to our international credibility under the rubric of "constructive internationalism" by allowing exports of military equipment to the Chilean army. He did, however, have an imaginative solution for the Nicaraguan problem—Mr. Clark would send the Contras to Canada, but, pity, Mrs. Landry spoiled that for him. She said, "We don't accept terrorists or war criminals. The same would apply to the Contras."

Canada used to be praised for its foreign policy and leadership. I would suggest that today it is being looked upon by our international friends with puzzlement. Even the *Globe and Mail* recently printed an editorial in this regard—and that must have taken some great resolution—entitled, "Asleep at the Wheel". Let us not take my judgment. Let us take the judgment of one who cannot be taxed with Liberal opinions or NDP doctrinaire views. I am thinking of Mr. McMurtry, our former High Commissioner in London. While describing what many world leaders think of us, he spoke of one often-repeated criticism: we will seldom really stand up and be counted. He added,

If you don't believe in the importance of counteracting all the pressures from south of the border, by strengthening some of [our] traditional allegiances, I think we are going to be poorer for it as a country."

That is what Mr. McMurtry said. I say that we have had four years of "constructive internationalism" and we are the poorer for it. We now know, thanks to the new Speech from the Throne, that during the Conservative Government's second mandate we will stay poor, because there is no vision, no international perspective. We are told that we must remain competitive, that we must be concerned over pollution blighting our planet; two worthy but insufficient objectives. What about peace? What about inequities between north and south and international social and economic development? What about international indebtedness? What about terrorism? "Construc-

[Senator MacEachen.]

tive internationalism" is gone, and our future role can be described as "carry on in that pedestrian, rather contradictory way that has been practised in the past few years."

The government ought to pull up its socks, because the world expects more of Canada. I do not believe that Canadian international creativity has gone, and I do not believe that the international well has dried up in Canada. I think this is an area which we must ask the government to review to see what can be done to establish a more solid course for our country so that we will be the richer, and not the poorer, as Mr. McMurtry has said.

Honourable senators, you must have been surprised, as I was, that there was no mention in the Speech from the Throne about the recent settlement between Canada and France on the fishery boundaries.

Senator Frith: "Astonished" is the word.

Senator MacEachen: The reason for that is embarrassment. I do not intend to go into that deal fully today, but I wonder how many more such agreements this country can stand? We gave away non-surplus stocks of northern cod, which are essential to the livelihood of thousands of Newfoundland fishermen. We got on that slippery slope in 1987 when, for the first time, we committed to France, apart from the European community, a portion of the northern cod. Now we have quantified it, and it is there forever probably. Through this agreement, we have allowed to continue a situation in which the French over-fish in waters off the south shore of Newfoundland. In fact, we have acknowledged and accepted that the French will be over-fishing by three times what our government has stated is the tolerable limit for conservation purposes. That is what is in the agreement.

Senator Frith: Some deal!

Senator MacEachen: We shall debate, I hope, this deal further in the Senate. I shall not say everything that can be said about it, but I will draw your attention to the press release that was issued by the Department of External Affairs. There is in the concluding page a statement from Mr. Clark, in which Mr. Clark praised Mr. Iglesias, who was the mediator, for getting Canada and France to agree to interim quotas. This is why he praised him. If he had praised him for his work, his contribution, I would have said, "Okay." But what did he praise him for? He praised him for the fact that he got Canada and France to agree to interim quotas. He praised Mr. Iglesias for his role in getting Canada to agree to flagrant over-fishing by the French in the disputed zone. What gauchery! What a lack of touch! I guess he did not understand the implications. Was it necessary to enter into this agreement? I am sure that our government will argue that it was necessary to make these interim quotas in order to get the French to the table. That will be the argument, but, for goodness sake, let us not praise a man for getting us to agree to over-fishing by the French. That is what Mr. Clark did in the press release—a fine example of "constructive nationalism".

• (1520)

Let me turn for a moment to another pillar in that great structure which was put together in 1984 and embellished in 1986—that is, social justice. That was the pillar of the 1986 Speech from the Throne.

"Justice" has disappeared, at least in the headlines of the Speech from the Throne, and we have a new phrase—"a caring nation". It may be that that is an effort to imitate Mr. Bush with his "more gentle nation". We are to have "a caring nation", which is all right, but what do those words mean? Will they mean anything? What did "social justice" mean?

In both 1984 and 1986 the government used virtually identical wording in its vow to defend, to support and to "strengthen the Canadian family". If I may paraphrase one of my earlier comments in this chamber: The government undertook to strengthen the Canadian family by adding to its adversity. Having made the vow to strengthen the Canadian family, the government went on to de-index the family allowance; reduce the child tax exemption; restrict the availability of the child tax credit; and increase and expand the scope of the federal sales tax. It even abolished the Registered Home Ownership Savings Plan in its quest to strengthen the mettle of young families saving to buy their first homes. When it comes to social justice, this government's motto is, "Strength and joy through adversity." It is social Darwinism at its best. We shall, however, count our small blessings and be thankful the government did not again promise in Monday's Throne Speech to strengthen the Canadian family. I do not think it could have survived another onslaught by the government.

Another key item under the rubric of social justice in the Throne speeches of 1984 and 1986 was the commitment to establish a national child care program, a commitment first given during the 1984 election campaign. At that time Mr. Mulroney called it an "urgent problem" and declared, "Urgency here is of paramount concern." That was 1984, and it is now April 1989.

I could detail a litany of subsequent government procrastinations on child care, but that will come later. Suffice it to say, the matter was so urgent that the implementing legislation was sent to the Senate only four days before Parliament was dissolved. It did not, however, necessarily follow that the Prime Minister was not firmly and passionately committed to the passage of the bill. Less than a week earlier he had proclaimed, "We don't want Canadian women to go to work worried deeply about their children and their children's well-being."

There was more concern when the Senate referred Bill C-144 to committee the day following first reading. The Prime Minister declared: "What the Senate has done is already obstructive." We sent it to a committee. He said, "Working women need these spaces tomorrow." The tears were practically glistening in his eyes as he vowed that the final word on the matter would rest with the working women of Canada, who were "suffering substantially" because of the Senate's action. Maybe it is a bit ungracious in the circumstances, especially since the Prime Minister had such a marvellous electoral

victory, to refer to the fact that his compassion was exemplified on this subject when he dissolved Parliament on October 1, 1988, rather than delaying a few hours to save the child care bill, which was to provide those places which were needed tomorrow.

Well, all right. One could argue that the Prime Minister did have a deep priority for child care and that he believed that the spaces were needed "tomorrow", but that he had other major considerations related to statecraft that called for an immediate election. So let us put that to one side.

• (1530)

What about the three months we have all been absent from Ottawa? If the child care spaces were needed "tomorrow", why were we not called back and why was the child care legislation not put through like the free trade legislation?

Hon. Senators: Hear, hear!

Senator MacEachen: The working women needed it "tomorrow", but, of course, the business community established the agenda for the last session of this Parliament, not the working women of Canada.

Now, is there any urgency in the Speech from the Throne with respect to child care? We do know there was an assertion that the government is committed to a "national child care program". Will the bill be introduced immediately to provide those spaces which were needed tomorrow five months ago? Will the Prime Minister's commitment, which he repeated in Summerside on October 5, 1988, to provide a child care program of \$6.4 billion, be legislated immediately? After all, the Prime Minister did say, in Senator Macquarrie's home province on October 5, that the government had already legislated in the House of Commons a child care program in the amount of \$6.4 billion.

Well, I would like to know the timetable. When will the legislation come in and will it carry that \$6.4 billion price tag that the Prime Minister said it would? That will be some test of the rubric, "caring nation" and "social justice".

Last October, in the pitch of the campaign, the charge was made that the Tories had a hidden agenda to cut back on social programs. It was categorically denied. Mr. Crosbie stated that any charge that the Conservatives had a plan to cut back on social programs was "complete nonsense". When asked whether he had questioned the Prime Minister about the accusation, he replied, "You're damned right I asked . . . and he said 'absolutely no'." Well, judging from Monday's throne speech, that "absolutely no" has become somewhat less categorical, and there are fears about what the next budget will demand of Canadians. When the government, on Monday, promised changes to the unemployment insurance program to improve its "fairness" and to "create greater incentives to employment", I, for one, cringed. When the government uses the word "fairness", many people hear the word "Draconian".

I thought that Senator Bolduc, in a sense, was in phase with the tenor of the Speech from the Throne when he raised the question of universality. Maybe he knows what is to come. Maybe he knows that it is the intention of the government to

interfere with universality. Maybe he was chosen to reply in order to lay out, in his gentle and scholarly way, the intentions of the government, because he said:

And what about the universality of certain social measures which provide pensions to 65-year-olds who are well off and family allowances to households with an annual income of more than \$60,000 or \$75,000?

It is a loaded way of putting the question, I must say, but it raises the question of universality. Will we be in a battle or a debate or a confrontation over a proposal by the government to reduce and remove the universality of our old age pension?

Senator Murray: Your cheque is safe.

Senator MacEachen: Senator Murray says my cheque is safe. Well, I appreciate that.

I want to say just a word about the theme of "economic renewal", which was the theme of the government in 1984 and 1986, and which has also been dropped. I guess renewal has been reached and we are on that plateau which can only be strengthened, rather than renewed, because the new theme is a strong economy. In 1986, under economic renewal, the government promised "to give Canadians a more efficient, competitive and safe transport system by relieving the burden of unnecessary regulations on the transportation sector". Well, I would say that there has been failure on all counts. There have been serious allegations that transportation safety has been compromised, allegations so serious that the Minister of Transport felt compelled to ask for a judicial inquiry. As for "efficient", we heard from Senator Grafstein today about the situation at Pearson International Airport, a situation which can hardly be classified as an efficient operation. I am not going to pronounce upon its safety.

When it comes to competitiveness, we have heard again from the government this afternoon, in reply to questions from Senator Olson, some comments about VIA Rail, bringing into the debate no less an authority than a former colleague of mine, the Honourable Jack Pickersgill. Presumably, Senator Murray would not quote him if he did not find some little iota of agreement with what Mr. Pickersgill has said. Maybe he can tell us today that VIA Rail is sound and safe and solid and that the maritime members of Parliament have no worries whatsoever. Maybe the proposal "Use it or lose it!" was only an expression that the Prime Minister used after a long period in that smoke-filled room at Meech Lake. Anyway, that is the expression he used: Use it or lose it!

When it comes to economic renewal, of course, one could hardly finish off without saying a word about the deficit. In 1984 and 1986 the government also promised to reduce the deficit in an orderly and fair manner. No one would disagree with that, but Senator Bolduc, who is a newcomer to the chamber, and who mentioned the deficit yesterday, must realize that \$160 billion was added to the national debt in the last four years under the beneficence of this government.

Senator Barootes: It was all interest.

Senator MacEachen: We are told that we are facing a deficit in excess of \$30 billion for the fiscal year '89-90. It is

[Senator MacEachen.]

true that the government did make some progress in reducing the deficit in the first two years of its mandate. After that it was suddenly forgotten and the situation was stabilized, no doubt in preparation for the prospect that was coming closer and closer. Fiscal integrity took second place to political success, and when it came to the crunch the Prime Minister said, "Ease off." It takes only two people in the government to cut the deficit, the Prime Minister and the Minister of Finance, and when you do not have the Prime Minister, the Minister of Finance is cut adrift, and that is what happened to Mr. Wilson—

• (1540)

Senator Murray: Careful!

Senator MacEachen:—in his last two years in the finance portfolio.

I asked earlier in my speech how the Canadian people could have faith and trust in their institutions when the Minister of Finance tells them in November that the treasury is awash with money and then comes to raise a crisis a few months later, just when the election is over—and that is what happened. In fact, during the election campaign Mr. Wilson bragged about the healthy fiscal position of the government. While other parties were making campaign promises—and they certainly were not shirking that responsibility—during the campaign Mr. Wilson told us that his record as Minister of Finance was so fruitful that he would never have to stoop so low as to make "campaign promises". Not him! He could make "spending commitments". Maybe his idea was that, if he reneged on "spending commitments", he would not be accused of breaking promises.

In any event, Mr. Wilson explained that the billions of dollars of Tory commitments would be met because of the flexibility of his five-year "spending track". If ever there was a play on words, that was one. He had lots of flexibility in his spending track for five years and therefore could finance all of those new commitments. He said, and I quote:

(In those) reserves, we have sufficient money to handle the announcements that we made prior to the election and those that have been made since the election was called.

Not a word about the deficit. Who now put the deficit at the top of the list? Was it the Business Council on National Issues that set the agenda, or did the Minister of Finance not know the facts during the election campaign about the state of the fisc? We will have a chance to follow this up when the budget comes down.

Honourable senators, I cannot refrain from just touching on one other new pillar that we have found in this Speech from the Throne. As the rubble of the pillars so carefully crafted in prior Throne Speeches was being swept away on Monday, the stones of another column were being laid—a monument to the environment. Aristotle had the "categorical imperative", and Prime Minister Mulroney now has his "environmental imperative". I am damned sure that the Aristotelian imperative will last much longer than the Mulroney imperative, because we know that all this speech contains about the environment is a

series of pious declarations. We are, of course, delighted that the government has decided to make the environment an issue of principal importance in public policy.

There were many pious utterances in the Speech from the Throne, and we will support the government in its policy declarations when the government comes forward and puts some substance into them.

We do know that the most glaring omission in the speech is the lack of any strategy to reach an acid rain agreement with the United States. There is just a bland promise to negotiate a treaty on acid rain, a promise made many times before.

As I listened to the—I was going to say “vacuous”, but that would be unfair; I will say “soporific”. As I listened to the soporific words on the sanctity of our environment in the Speech from the Throne I was reminded of one columnist’s depiction of Mr. McMillan’s stewardship of the Ministry of the Environment, the four-year record. The minister was described as “a sort of symbolic white knight—riding into various towns, condemning pollution, and then leaving.” If the government’s record over the past four years is any indication of things to come, Mr. Bouchard’s stay in town will be equally brief.

When this government took office it immediately pounced on the budget of the Department of the Environment. The Canadian Wildlife Service lost \$3.8 million; Parks Canada lost \$18.7 million; a planned \$8 million toxicology centre for Guelph was scrapped. In total, \$46 million was cut and 400 positions eliminated. Environmentally important programs in other departments were either cut back or axed. The National Research Council’s Environmental Secretariat and Energy Division were closed down, and energy conservation programs sponsored by the Department of Energy, Mines and Resources were cancelled.

This neglect of the environment continued year after year, and in the 1988-89 fiscal year the Estimates show that Environment Canada will experience a real growth rate of minus 1 per cent and will lose 78 person years. Positions are being chopped at the Inland Water Conservation, at Wildlife Conservation and at Parks Canada.

I think it is fair to judge Monday’s words against the actions of the past. Maybe things will change, but certainly when I heard a commitment to reach an acid rain agreement with the United States I was reminded of all the failures experienced in the past. Year after year the Prime Minister went hat in hand to President Reagan only to come back with an empty hat. Though this often-repeated scene did eventually prove embarrassing to the government, as well as to Canadians, it was, nevertheless, the source of some amusement to politicians south of the border. Gerry Sikorsky, a Congressman from Minnesota, compared the acid rain discussions between Prime Minister Mulroney and President Reagan to the Peanuts cartoon characters, Lucy and Charlie Brown. Congressman Sikorski said, and I quote:

Lucy promises Charlie Brown that she’ll hold the football for him to kick but Lucy always pulls the football away and Charlie Brown is left falling on his backside.

And Mr. Sikorski concludes:

How many times will the Prime Minister fall for it?

Judging from Monday’s Speech from the Throne, he is good for at least one more.

All I can say, honourable senators, as I wish the government a bon voyage as it begins its new mandate, is that I hope the record of the past four years will not be repeated. In its first term the government failed to deliver what it had promised and imposed what it had disavowed. Commitments such as those to strengthen the family and to increase official development assistance and defence expenditures were made, but broken; pronouncements against free trade and against the privatization of Air Canada were, in turn, disavowed.

• (1550)

When I started out today I said that consistency and commitment had not been the hallmarks of the government’s first term of office. I think confidence has taken a beating and trust in the word of the government has taken a beating; and it is not good when faith and trust in our political institutions are eroded. All I can say is that I hope in the next four years we will hear less preaching and posturing about “unimpeachable integrity”, about “honour”, about “fairness”, which have been favourite expressions of the Prime Minister. I hope we hear less of that, and that we see these desirable public virtues exemplified in the conduct of the Prime Minister and his ministers.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it is fair to conclude from what we have just heard that the honourable senator and his colleagues are not looking forward to the next four or five years in the wilderness of opposition. We have heard from the Leader of the Opposition that the government has not done what it said it would do during its first four years. Nevertheless, without rehashing the election campaign of last fall, I am bound to remind him that the record of the government was at issue before the people of Canada, and the people of Canada pronounced on it, I believe, in a very clear and unambiguous manner. This is reflected in the present representation in the elected house, even if it is not reflected here, and it is certainly not reflected in what we have heard from the Honourable the Leader of the Opposition.

If I am not mistaken, the Leader of the Opposition has spoken for almost an hour. It was a very interesting speech. If I am to match him, we will be here longer than I think honourable senators want to be this afternoon. I am getting conflicting advice from my colleagues on this side whether I should give an entire speech now or adjourn the debate, or open with a few remarks and adjourn until later. I do have some things to say in response to the honourable senator’s speech, and I shall do so and then propose the adjournment of the debate until tomorrow.

Before I do that I want to take advantage of this opportunity to thank Senator Ottenheimer and Senator Bolduc on behalf of the government for having moved and seconded the Address in reply to the Speech from the Throne. I want to congratulate them both for having discharged their responsibilities so well. I think it is appropriate on the 40th anniversary of the entry of Newfoundland into Confederation that the Address in reply to the speech here should be moved by a Newfoundlander who has spent more than half of the period since Confederation active in the public life of his province and country.

Some Hon. Senators: Hear, hear!

Senator Murray: If I am not mistaken, he was first elected to the House of Assembly in Newfoundland in the year 1966. He was an adornment to that legislature just as he is an adornment to this one, and we are glad to have him with us.

I think we are also fortunate, at a time of change in and challenge to our society in Canada and elsewhere, to have in Senator Bolduc one of the most thoughtful, experienced and respected of public servants.

[Translation]

His speech yesterday dealt with some of the most important issues facing democratic governments today.

Mr. Speaker, I would also like to congratulate you on your appointment as the Speaker of this Chamber.

[English]

I could have used you a bit earlier, Mr. Speaker, when questions were being put to me regarding VIA Rail, because I well remember your distinguished role as co-chairman of the Conservative committee on rail passenger transportation in the early 1980's. Nevertheless, your presence in the Chair forbade you, not by the rules but by custom, from taking part in the exchanges that took place here. But it has been a pleasure to have served under your guidance and your presidency here for the past four years, as I am sure it will be for the next four years.

Now, honourable senators, the Honourable the Leader of the Opposition steered quite clear of any commentary on the state of the Canadian economy in his speech today. He preferred to discuss such matters as national reconciliation, national unity, the Constitution, and to deliver himself of a rather bilious, if not very substantive, speech on the subject of foreign affairs. I will come to that in due course.

It is no surprise that he avoided the subject of economic policy and of the state of the economy, because rereading his speeches of 1984 and 1986 would be embarrassing for me or even for any friend of his, so wrong and so misguided was he, so jaded and so unreliable was his perspective on those occasions. In 1984, for example, the Honourable the Leader of the Opposition was extremely skeptical, if not cynical, about the possibility of making any progress in fighting unemployment in this country. He said in the debate on the Speech from the Throne:

There is nothing which indicates we can make further progress in reducing the high levels of unemployment in the country.

[Senator Murray.]

That was Senator MacEachen's speech in 1984.

Senator MacEachen: I still endorse that.

Senator Murray: Well, the honourable senator may indeed insist on his position—

Senator MacEachen: There was not anything—

Senator Frith: There was not anything in the speech about it!

Senator Murray: The honourable senator may insist on his position, but he does so in the face of the facts, which indicate that, even when he was speaking, unemployment had come down from 11.7 per cent to 9.7 per cent. Since then further progress on unemployment has hardly been stalled.

Senator Frith: Not because of anything the government ever promised.

Senator Murray: It is now at 7.6 per cent. The unemployment rate has gone down 4 percentage points in this country since September 1974.

Senator Frith: Because of what you said in the debate on the Speech from the Throne?

Senator Phillips: Jobs, jobs, jobs!

Senator Murray: If the honourable senator wanted to look at something really grim, he should consider the record during the last four years of the Liberal mandate, when the unemployment in this country went up by four points. The honourable senator, on that occasion, also chastised the government for not paying enough attention to the regional economies, in the Atlantic region in particular. I am here to tell him today that in Atlantic Canada the unemployment rate since September 1984 has fallen by 5.2 percentage points.

Some Hon. Senators: Hear, hear!

Senator Barootes: Including Cape Breton!

Senator Murray: I have to contrast that with the record during their last mandate, the last mandate of the Trudeau government, when the unemployment rate in Atlantic Canada, far from falling, went up by 5.7 percentage points. If the Honourable the Leader of the Opposition really wants to indulge his taste for bad news, he should look at the last Liberal mandate, when unemployment increased by 576,000 people. In the past four years the number of unemployed Canadians has fallen by 428,000.

● (1600)

In 1986 the Leader of the Opposition again made the most dire predictions, this time with regard to the economy. It is no wonder that he has not returned to the charge this afternoon with any lengthy comments about the state of this economy.

The honourable senator's credentials for prophecy are not in very good shape. In 1986 he came before this chamber and chastised the government. He perceived what he thought was a weakening in our resolve to sign a free trade agreement with the United States. "Where is the ambition", he asked, "to secure a comprehensive trade agreement with the United

States? The vocabulary is muted and the ambition has dissipated in the trade field." Well, two and a half years later the historic Canada-United States Free Trade Agreement has been negotiated by this government, endorsed solidly by the Canadian voters, ratified by this Parliament, and is three months into its implementation. Dissipated, indeed—the only dissipation has been in the political credibility and prospects of the Liberal Party, which has transformed itself from the Liberal Party into the Anti-Free Trade Party of Canada.

Some Hon. Senators: Hear, hear!

Senator Murray: I will come to the question of national unity in a moment, but if the honourable senator puts as much credence in what is said today as he did in his remarks in 1986, then he does not have much hope for credibility.

In 1986 Senator MacEachen thought he saw some evidence that the government was weakening in its resolve to negotiate an accord that would bring Quebec back into the constitutional fold. He chastised the government for insufficient determination to achieve what he called "this essential accord".

Senator Doody: Shame!

Senator Murray: Six months later Prime Minister Mulroney and ten provincial premiers had signed the accord. Since that time it has been ratified by Parliament—despite the best efforts of honourable senators opposite to sabotage it—and by the legislatures of eight provinces with 93 per cent of the population. The honourable senator's gifts for prophecy—indeed, his gifts for rational political analysis—seem to desert him when his party is most in need of them to find its way through the thickets of the wilderness of the opposition, where they have been consigned for the next four or five years.

Honourable senators, the Leader of the Opposition began his speech with some comments about the government's undertaking in the field of what was national reconciliation four years ago and what is national solidarity and national unity today. It is no coincidence that the vocabulary is somewhat different today from what it was then. There was a crying need for national reconciliation at that time. I believe it is fair to say that national reconciliation has been achieved. I think we are now in a period where we can speak and act with some confidence in the pursuit of national unity and national solidarity on the great issues that confront the country.

The honourable the Leader of the Opposition spoke of the use by the Quebec government of the "notwithstanding" clause in the Canadian Constitution for the purpose of passing Bill 178 in the National Assembly of Quebec some months ago. It should be pointed out that Bill 178 is really a less restrictive version of Bill 101, which was brought in by the Quebec government in 1976, I believe, and which passed through that assembly and into law without much comment from the federal government of the day, headed by Mr. Trudeau. I might point out that he realistically and correctly observed that the issues at stake were issues that had to be settled in the political forum in Quebec.

Let me say a word about the "notwithstanding" clause, since the honourable senator has spoken of it. It was part of a

compromise to which Prime Minister Trudeau agreed at the time of the patriation of the Constitution in 1981 and 1982. I believe it is fair to say that never in the history of this country has there been a constitutional compromise of similar magnitude to that which Mr. Trudeau made in favour of the "notwithstanding" clause.

Senator Frith: Meech Lake passed it by a country mile on compromise.

Senator Murray: Mr. Trudeau has said that it gave him considerable anguish. The clause was agreed to by the federal government of the day, including the then Deputy Prime Minister, who sits with us today as Leader of the Opposition in the Senate. Perhaps one could better understand such an enormous compromise being made if it accomplished its purpose, which was to settle the political and constitutional situation in the country then existing. But it did not. The compromise was made, and Mr. Trudeau succeeded in getting only nine of ten provinces on board at the time of the patriation of the Constitution. Honourable senators, it was an enormous compromise, but also a futile one in view of its accomplishment.

The honourable senator calls upon me and upon the federal government to condemn the Quebec government for having invoked the "notwithstanding" clause when it brought in Bill 178. Let me state for the record, again, that before the bill was brought in the Prime Minister of Canada spoke to the Premier of Quebec and stated the position of the Government of Canada, urging the Premier of Quebec to respond to the Supreme Court decision in a way that would respect fully the considerations that had been put forward by the Supreme Court of Canada in its decision. After Bill 178 was introduced, the Prime Minister and I, on behalf of the Government of Canada, made the statements that are now part of the public record with regard to Bill 178. Where the Leader of the Opposition would be quite wrong would be in any attempt to show that there was an essential difference in the position that we took with regard to Bill 178 and the positions that we took in Saskatchewan and in Alberta a year earlier, in 1988, when legislation was brought in to restrict the historic rights of the French-speaking minorities in those provinces.

Senator MacEachen calls upon us to condemn the use of the "notwithstanding" clause. I have told honourable senators today, as I have told them previously, what view was expressed by the federal government and by the Prime Minister at that time. Mr. Lucien Bouchard was correct to state that, once the compromise was accepted and the "notwithstanding" clause was made part of the Constitution, it became a legitimate part of the Constitution and it is legitimate for a government to have recourse to it. Governments have done so. I have seen in the *Montreal Gazette* part of a letter which, although not authenticated, is attributed to Prime Minister Trudeau, which Mr. Trudeau sent to Cardinal Carter in Toronto, and in which Mr. Trudeau himself undertook to invoke the "notwithstanding" clause on the abortion question if ever section 251 of the Criminal Code were struck down by the Supreme Court of

Canada. I do not know of anyone who rushed to condemn Prime Minister Trudeau for that. It is part of the Constitution.

• (1610)

Senator MacEachen: Is the Leader of the Government saying that Mr. Trudeau did write such a letter to Cardinal Carter?

Senator Murray: Honourable senators, some months ago, in the *Montreal Gazette* in the Letters to the Editor column, I saw a quotation from a letter from Prime Minister Trudeau to Cardinal Carter. I have made some inquiries and I am told the letter was sent. I can look for it and find it, but the paragraph, which has never been challenged, was very clear in what it said. While I paraphrase, the intention was clear that, if the Supreme Court struck down section 251 of the Criminal Code of Canada, Mr. Trudeau would act to invoke the "notwithstanding" clause in order to restore that section of the Criminal Code. That was his undertaking. I do not condemn him for that. One is urged from time to time to invoke the "notwithstanding" clause.

You know what the position of Prime Minister Mulroney is on that matter. You know what the position of Premier Peterson of Ontario is on that matter. You know what the position of a number of other public people is on the matter. No doubt it will be discussed during the second round of constitutional negotiations, but—

Hon. L. Norbert Thériault: The second round?

Senator Murray: The second round that will take place after the ratification of Meech Lake.

Senator Thériault: When is that?

Senator Murray: That will take place before June 1990.

Honourable senators, the "notwithstanding" clause will be discussed, but it is there. A number of provincial governments—not just Quebec, but including those governments that demanded it in 1981-82—would not quickly agree to its disappearance from the Constitution. That is a reality. So the prospects of its early disappearance do not seem to me to be very great.

Honourable senators, the Leader of the Opposition had a good deal to say about this situation, about language rights and so forth. I want to say here now, as I have said here and elsewhere before, and I believe it is important to state it for the record, that English-speaking Quebecers enjoy, and have enjoyed since 1867, constitutional rights and services that francophone minorities in much of this country still only dream of and are still struggling to obtain. I think it is very important that that be placed on the record, and I consider it rather regrettable that the Leader of the Opposition would have given, at least in tone if not in substance, a very one-sided interpretation of the language situation in Quebec in his speech today.

With regard to the responsibilities of the federal government and policies of the federal government on this matter of language, before I propose the adjournment of the debate I do want to refer to two matters that are germane to what Senator

[Senator Murray.]

MacEachen was saying earlier. One of these matters is obviously the Meech Lake Accord so far as it touches upon minority language rights and the status of our linguistic minorities. The second matter is the philosophy, the policy and the approach behind the new Official Languages Act passed by the previous Parliament.

In both cases what we have done very eloquently gives the lie to the kind of accusation that the honourable senator was making this afternoon that there is any weakening whatsoever in resolve on the part of this government towards the protection of linguistic minorities in this country.

[Translation]

The Meech Lake Accord will at last help us make the Constitution a more faithful reflection of our society. The Constitution will explicitly recognize our linguistic duality, in other words, the fact that Canadian Francophones and Canadian Anglophones live together across this country, and, as part of this duality, the distinct identity of Quebec society.

In addition to its legal and symbolic importance, this affirmation is also a legal instrument for official language minorities. Once the Accord is ratified, duality will constitute "a fundamental characteristic of Canada" which the courts will have to consider when interpreting the Constitution, including the Charter of Rights and Freedoms and its major language rights with respect to education and government services.

Furthermore, the Constitution will enshrine the role of Parliament and all legislative assemblies, including the Quebec National Assembly, in protecting this linguistic duality.

[English]

The Constitution will further affirm Quebec's role in protecting and promoting its distinct society, of which the English-speaking community is an integral part. Meech Lake thus means that English-speaking Quebecers will be encompassed within and protected by both the distinct society and linguistic duality provisions of Meech Lake.

Senator Thériault: Says who?

Senator Murray: Says the Meech Lake Accord.

Senator Thériault: Says who?

Senator Murray: Let the honourable senator read it, and let him try to understand it.

Senator Thériault: Says who?

[Translation]

Senator Murray: However, having recognized our linguistic duality, the government, as I said earlier, was determined to reflect in a new official languages act the principles it wanted to enshrine in the Constitution.

This legislation, which was passed last July with the support of all parties represented in Parliament, repeats the provisions of the 1969 legislation while adjusting them to reflect the language rights guaranteed by the Constitution since 1982.

[English]

I hope I have always been, and I hope I will always be, unstinting in my praise and admiration for the initiative that

the previous government took in passing the Official Languages Act in 1969, then again with the approval of all parties represented in Parliament. Much has been said about it, and there was much resistance to it here and elsewhere, although not so much in Parliament as in the governmental machinery generally. It has always been my opinion that, had that bill not been passed and had those steps not been taken, we could, over the succeeding 20 years, have lost a country.

[Translation]

The legislation endorsed by Parliament last July enshrines the right to receive services in the official language of one's choice in federal institutions and before the courts. The legislation clarifies the nature and extent of the right of federal public servants to work in the official language of their choice. It also ensures that in the areas of recruitment and advancement, the federal public service will take care to reflect the presence in Canada of two official language communities. These measures reflect the government's desire to promote the equal status of English and French within our institutions.

However, the government wanted to go further. It was determined to make the Official Languages Act a dynamic instrument it could use to help language communities grow and flourish. In consultation with the provinces and large private organizations, the government was to promote full recognition and use of French and English throughout Canadian society.

● (1620)

[English]

As the minister responsible for federal-provincial relations, I am particularly pleased with what has been accomplished in collaboration with the provinces in the area of education and services.

We have our own Official Languages Act, a new Official Languages Act passed by the previous Parliament in our own jurisdiction. That act has received the support of all parties in this house and in the other house, and rightly so. That is the act and the policy that pertains to our own jurisdiction. That legislation also makes it possible for us, in areas of provincial jurisdiction, to cooperate with the provincial governments and with minority language communities to try to ensure—and I do not hesitate to use the term, nor am I ashamed to use the term—to ensure that there is some balance in the linguistic situation in this country and some justice for language minorities across the country in whatever jurisdiction they may live.

[Translation]

The extension and enrichment of the Official Languages in Education Program will help extend minority language education to all levels of our education system. Bilateral agreements will support projects such as the Collège de l'Acadie in Nova Scotia and a French-language college in Ontario.

Under the auspices of the Official Languages Enhancement Program, agreements set out general mechanisms for co-operation with the provinces to ensure provision of various provincial services in the minority language. Since Meech Lake and since the bill was introduced in Parliament in June 1987, New

Brunswick, Saskatchewan, Prince Edward Island, Ontario and Yukon have signed this type of agreement. In Saskatchewan, for instance, the agreements provide for passing legislation and regulations in French and giving the minority greater control over its educational institutions. This is something for which the language minority in Saskatchewan has worked very hard over the years.

[English]

Since my honourable friend has today made himself the spokesman for the anglophone minority in Quebec, the discussions which are now going on with Quebec relate to English-speaking Quebecers' access to provincial health and social services in their language. These services are in addition to the constitutional rights which the English-speaking minority in Quebec has enjoyed since 1867. There are, of course, lingering tensions, and speeches such as we have heard today do very little to diffuse them.

Senator Flynn: You can say that again!

Senator Murray: Setbacks have occurred—

Senator MacEachen: It is not that setbacks have occurred. It is not possible to quote Mr. Blaikie at all.

Senator Murray: —in some provinces.

Senator MacEachen: It is impossible that he is just a lingering phenomenon.

Senator Murray: We have never failed to address those issues when they have arisen, whether in Saskatchewan, Alberta or Quebec.

Senator MacEachen: You backed away in both places.

Senator Murray: But we can rightly take heart, as I have just demonstrated, by reference to the facts and to the record with which Senator MacEachen does not seem to be acquainted. I have just demonstrated that important progress can be and has been made in this field. We must follow through and we must remain vigilant to ensure that today's progress does not yield to complacency and to other setbacks tomorrow.

It is for this reason that the Prime Minister fully intends to continue the work that has been started. He is firmly committed to address the issue of the constitutional protection of minority language rights, in their broadest context, at the first constitutional conference following ratification of the Meech Lake Accord. These discussions could help clarify, among other matters, section 23 of the Charter of Rights and Freedoms—the “where numbers warrant” clause—on minority language rights. This issue has been very much in the news in recent times, particularly in Senator MacEachen's home province of Nova Scotia.

Honourable senators, with those remarks on those subjects, I move the adjournment of the debate.

On motion of Senator Murray, debate adjourned.

NATIONAL DEFENCE

SPECIAL COMMITTEE APPOINTED

Hon. Henry D. Hicks: Honourable senators, I had intended to seek as my seconder Senator Marshall, who was the deputy chairman of the comparable committee in the last Parliament, but since he is not here I shall name Senator Molgat as the seconder of the motion. Consequently, I move, seconded by Senator Molgat:

That a Special Committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including Mobile Command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks,

Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 30 June, 1989.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

Wednesday, April 5, 1989

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, APRIL 6, 1989

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S9:30 a.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 4

OFFICIAL REPORT
(HANSARD)

Thursday, April 6, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

This issue contains the latest listing of Officers of the Senate, the Ministry,
Senators and Members of Senate and Joint Committees.

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, April 6, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DISTINGUISHED VISITOR IN GALLERY

AUSTIN MARDON OF LETHBRIDGE, ALBERTA—ARCTIC AND
ANTARCTIC PIONEER

Hon. Joyce Fairbairn: Honourable senators, I wish to draw your attention to the presence in the gallery of a young Albertan who has received considerable recognition as a modern-day pioneer in the Antarctic.

Austin Mardon, from Lethbridge, was part of a six-man meteorite recovery expedition which travelled from the United States to the Antarctic over two years ago. He was the youngest member and the only Canadian on the team, which included experienced explorers from the United States, Japan, The Netherlands and Austria.

He was awarded the Congressional Antarctic Service Medal from the United States Navy, and this weekend will receive the Explorer's Club Award in New York for an expedition he undertook to the Arctic last summer.

I am sure all honourable senators would wish to congratulate Mr. Mardon on his past accomplishments while extending to him their best wishes for his future activities in these exciting frontier areas of our globe.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS
APPENDIX

Hon. Roméo LeBlanc: Honourable senators, I have the honour to present the first report of the Standing Committee on Internal Economy, Budgets and Administration concerning Senate Estimates for the fiscal year 1989-90.

I ask that the Summary of the Expenditure Budget 1989-90 be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker pro tempore: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see Appendix "A", p. 54.)

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SECOND REPORT OF COMMITTEE TABLED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled the committee's second report respecting the minutes of the meeting of the Intersessional Authority, held on March 7, 1989.

THIRD REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, April 6, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRD REPORT

Your Committee recommends for approval the collective agreement negotiated by the Senate with respect to its employees in the Protective Service Subgroup.

The most significant terms of the settlement are as follows:

a) Duration

18 months (July 1, 1988 to December 31, 1989)

b) Salary

A general wage rate increase of four percent (4%) effective July 1, 1988 and a further increase of two percent (2%) effective July 1, 1989.

c) Other benefits

(1) Shift premium

The shift premium is increased from fifty cents (50¢) to sixty cents (60¢) per hour, effective on the date of signing of the agreement.

(2) Hours of Work

Modifications have been made to the hours of work provisions to allow for the continued employment of employees during periods of recess, prorogation or dissolution of Parliament subject to the employees' obligation to liquidate accumulated vacation leave and overtime leave credits.

Respectfully submitted,

ROMÉO LEBLANC
(Chairman)

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

Hon. Roméo LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

THE SENATE

DELAY IN PRODUCTION OF *DEBATES*

Hon. Douglas D. Everett: Honourable senators, I am wondering why we have not yet received copies of yesterday's *Debates of the Senate*. I do not have my copy, and honourable senators around me do not seem to have theirs.

The Hon. the Speaker pro tempore: It is my understanding from the staff that the *Senate Debates* and the *House of Commons Debates* have not yet arrived from the Printing Bureau.

Hon. Philippe Deane Gigantès: The *House of Commons Debates* has arrived, honourable senators. I have my copy in my office. It is the *Senate Debates* that have not yet arrived.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Monday, April 17, 1989, at 8 o'clock in the evening.

He said: Honourable senators, we have had some discussions with regard to the business before this chamber. As all honourable senators are aware, there is no business coming up immediately from the House of Commons. Indeed, it may be two or three weeks before we see the first legislative items with which we shall have to deal. We are currently debating the gracious Speech from the Throne. That debate is now in progress and will continue today. Several senators on both sides of the house wish to address themselves to that topic.

We have decided that the Senate will not sit next week. Since there is no legislation before the chamber, it is felt that there is really no need to rush back next week to deal only with the motion for an Address in reply to the Speech from the Throne, and that we can do so the following week.

Some honourable senators feel that it would be more convenient to continue the debate on Monday evening. That would give those honourable senators who wish to participate an opportunity to prepare themselves. Therefore, in the spirit of accommodation, friendliness and cooperation that is coming forth at this point in our proceedings, I thought that we on this side should do our best to accommodate our honourable colleagues opposite who made that request. Certainly, we once

[The Hon. the Speaker.]

again demonstrate our flexibility and willingness to try to get along with our colleagues opposite.

● (1410)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, all of the above cooperation and spirit of friendship is, of course, in response to the same demonstration on our side.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(Honourable Senator Murray, P.C.). (2nd day of resuming debate)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, yesterday when I left off I had discussed, among other things, the government's policy on official languages. I had referred to the provisions of the Meech Lake Accord respecting linguistic minority provisions, which the Commissioner of Official Languages had described as a net gain for linguistic minorities. In response to what I regard as a quite unfair and inaccurate assessment of the situation by the Leader of the Opposition, whose absence I naturally regret this afternoon, I discussed the new Official Languages Act brought in by this government and passed by Parliament last July. I related how the 1988 act brought the 1969 act into conformity with the Charter of Rights and Freedoms. I had, I believe, shown how the 1988 act built upon the 1969 act in that it clarified and improved provisions of the 1969 act as they relate to individuals. I tried to emphasize that the 1988 act had added a new and valuable dimension to our legislative and policy framework in the field of official languages in that the new act deals not only with individual rights but with enhancing the status of minority language communities.

Honourable senators, I must say that in choosing national reconciliation and national unity as the basis for an attack on the government, the Leader of the Opposition is on very weak ground indeed. I do want to say a word about provincial relations in general, which I might preface by making reference to the challenge that the new government faced in coming to office in 1984. It is a matter of public record that throughout the 1970s and the early part of the 1980s federal-provincial relations were dominated by confrontation. An absolutely poisoned federal-provincial atmosphere prevailed, one that was characterized by the aggressive tactics of a federal government preoccupied with keeping the provinces in their place. Two examples that symbolize the former government's approach to federal-provincial relations immediately come to mind. One, of

course, was the patriation of the Constitution in 1982, which was done in a way that left Quebec isolated and an unwilling partner in the federation. Another was the National Energy Program, which alienated western provinces and Canadians from the federal government and pitted producing provinces against consumer provinces.

This confrontational approach to federal-provincial relations was exacerbated by the fact that first ministers rarely met collectively and, when they did, it was in an environment characterized by hostility and strained personal relations.

Senator Frith: And somebody speaking for Canada.

Senator Flynn: Oh, Oh!

Senator Murray: As a consequence, by the early 1980s the system of federal-provincial relations that had served Canadians so well in previous decades was virtually paralyzed, and this precisely at a time when Canada was entering the most severe economic downturn since the 1930s. Instead of shared purpose and effective leadership, we got petty bickering and finger-pointing with Canadians in all regions as the losers.

By 1984 Canadians had clearly had enough of governments working at cross purposes. That year Prime Minister Mulroney came to power with a strong mandate to build a positive climate for federal-provincial relations.

The government undertook initiatives designed to strengthen federal-provincial consultative mechanisms, a process which was begun in early 1985 when the Prime Minister agreed to convene annual first ministers' conferences on the economy. One can only recall the days under the previous government when first ministers called repeatedly for federal-provincial first ministers' conferences on the economy only to be told to get lost by the then government.

Senator Olson: Every sentence is just untrue.

Senator Murray: Honourable senators, following the beginning of annual first ministers' conferences on the economy, this commitment to enhanced consultation was extended to the Canada-U.S. trade negotiations when first ministers agreed to meet on a quarterly basis to report on progress in the negotiations. I believe there were ten or eleven first ministers' conferences on free trade alone during the period of the free trade negotiations.

Senator Olson: You did not have anything else to talk about. You did not do anything about the economy.

Senator Murray: I have not mentioned the numerous meetings of federal-provincial ministers on the free trade negotiations, the meetings of the continuing committee on officials or the conference calls that preceded and followed all the major negotiating sessions with the United States. This was a prime example of constructive and cooperative federalism in action.

Over the last four years increased consultation between first ministers has contributed to a better understanding of each other's priorities. Hostility and mistrust have been replaced by mutual respect and shared purpose.

Senator Olson: Wait until the April budget comes down. You will see how much trust is left.

Senator Murray: There are some quite relevant quotations that will illustrate the improvement in the overall climate of federal-provincial relations, even in the face of serious disagreements among first ministers. Certainly, when federal budgets come down and provinces are disappointed with the tenor of them, and with the expenditures in this or that field, those are areas of disagreement, of tensions and of different perspectives.

What do the premiers say about the climate in federal-provincial relations? A few weeks ago when Premier Peterson of Ontario came out of the first ministers' luncheon that was held—and goodness knows there are many areas of disagreement between the federal government and the government of Ontario and between Prime Minister Mulroney and Premier Peterson—he faced the press and his first words were, “I always feel better about Canada after these meetings.” Paraphrasing him now, he said, “We have the opportunity, in spite of our differences, to come together in a sense of shared purpose.” Premier Ghiz of Prince Edward Island, another Liberal premier, has said much the same thing, not once but many times. All of those involved are unanimous in attributing the improvement in the climate of federal-provincial relations largely to the leadership provided by Prime Minister Mulroney since September of 1984.

• (1420)

Some Hon. Senators: Hear, hear!

An Hon. Senator: Sure!

Senator Murray: My honourable friend, Senator Olson, of course, will have rejoiced in and celebrated some of the more tangible measures that were taken unilaterally by this government to improve the climate in federal-provincial relations at the same time that we were improving the economic prospects of this country.

Some of the most offensive features of the old National Energy Program were dismantled. New energy accords were signed in the west, in the north and in the Atlantic provinces. I know that Senator Olson, who has an interest in these matters, will have rejoiced—silently, but rejoiced nonetheless—in those achievements.

At the same time, Investment Canada was created with a positive mandate to attract foreign investment to this country.

So the record in terms of federal-provincial relations is very good; the climate for political discussion and political agreement among the partners of Confederation is very good, and this in turn has much improved the climate of investor confidence, which is an essential precondition for economic growth in this country.

There is a new maturity in this federation. There is a new and impressive capacity on the part of first ministers to work together, to air policy differences and, nonetheless, to commit themselves to shared purpose.

The spirit of shared purpose that characterized the cooperative federalism of Prime Minister Pearson allowed Canada to respond to the challenges of that day. I want to tell honourable senators that this same spirit has been rekindled and will allow Canada to respond effectively to the challenges of the 1990s.

Yesterday, honourable senators, the Leader of the Opposition indulged himself in some fairly typical remarks about social policy and the record of this government on social policy. I suppose it is unfashionable in the Liberal circles in which he travels to state that for unemployed people the best form of social security is a job and that, over the past four years, this government's policies have helped to create more than 1.4 million jobs. I suppose that they would not be interested opposite in knowing that more than 86 per cent of those new jobs are full-time jobs, whereas over 89 per cent of the jobs created during the last Liberal mandate were part-time jobs.

Between 1984 and 1987—and, of course, some of my friends opposite would consider this irrelevant to social policy and social betterment—increased national prosperity helped more than half a million Canadians to move out of poverty and above the poverty line.

Tax reform, much maligned by honourable senators opposite and by their friends in the other place, removed 850,000 low-income Canadians from the tax rolls, while the conversion of exemptions and deductions to tax credits under this government has made the overall tax system a good deal fairer than it had been.

The income security system was extended to include 50,000 low-income widows and widowers aged 60 to 64. After a decade of debate, an agreement was reached with the provinces to strengthen private sector pension plans, place the Canada Pension Plan on a sound financial footing and improve benefits for the disabled. Improvements have been made again and again in the programs available to our veterans.

I heard the honourable the Leader of the Opposition yesterday speaking about a national child care program. I thought I detected a guilty conscience for his having led the opposition last fall in scuppering that bill. But, in any case, the commitment of the government is firm, it is reiterated. The commitment of this government to a national child care program was reiterated on Monday in the Speech from the Throne.

The Leader of the Opposition made what I correctly described yesterday as a rather bilious intervention on the subject of foreign affairs, nothing very substantive, mind you, but this is becoming a habit of the Leader of the Opposition. In rereading his speeches I found that in the throne speech debate of 1984, and again in the throne speech debate of 1986, he had delivered himself of similar bad-humoured and mean-spirited diatribes on this subject. I can only conclude that that reflects his frustration and peevishness at being out of office for another four or five years, at least.

Senator MacEachen finds our foreign policy, as he puts it, "lacklustre, pedestrian and contradictory." Compared to what, one is tempted to ask, and to look back at the eminently

[Senator Murray.]

forgettable two tours of duty that he himself did in the Pearson Building.

But to come to the record of this government and to what the throne speech says, it says we will continue to be among the leaders in peacekeeping, in international development, in promoting human rights, in strengthening the UN. It clearly states that we remain committed to NATO in defending Europe.

But, honourable senators, actions speak louder than words. We have played an active role in the multilateral trade negotiations, negotiated a Free Trade Agreement with the United States, led the fight against apartheid in the Commonwealth, become a full partner in the economic consultations and management through the G-7 and the Economic Summit. We have been a leader in building la francophonie; we have joined peacekeeping forces in Iran, Iraq, Afghanistan and Namibia; we have hosted important environmental meetings, as well as three summits, la francophonie in Quebec, the Commonwealth Summit in Vancouver and the Western Industrialized Nations Summit in Toronto. That is hardly a lacklustre record. It seems to me a record of real achievement on the part of Canada in all the multilateral fora in which we participate.

It is a priority for this country—for this government, at any rate—to strengthen our relations with industrialized partners like the United States, and to continue to rebuild the relationship with the United States which was in such lamentable disrepair when we came to office. We will also work to improve our ties with the U.S.S.R. and Eastern Europe in the new, more hopeful East-West climate while remaining a committed ally in NATO. We will support peacekeeping and the search for moderation in regional conflicts. We will be as active multilaterally as ever. Our membership now in the Security Council demands that of us, and we will maintain one of the most effective development assistance programs anywhere.

Honourable senators, I must say that the international community does not seem confused, does not seem puzzled, about our leadership, our effectiveness or our role, and certainly the international community does not share the rather jaundiced, jaded and partisan perspective of the former Secretary of State for External Affairs.

● (1430)

Senator Frith: We were not the ones to use the word "wobblies"; it was the international community that used the word "wobblies".

Senator Murray: It is the international community that voted overwhelmingly to put us on the Security Council. The international community regularly calls on us to help in peacekeeping; it looks to our leadership in the Commonwealth, in la francophonie, in the GATT and elsewhere, and what does it see? It sees a reliable ally, a committed multilateralist, a leader on the environment, and a supporter of an open-world trading system. That is what the international community sees

when it looks at Canada and at the present Canadian government.

Some Hon. Senators: Hear, hear!

Senator Murray: Was it Prime Minister Mugabe whom we saw on television, coming out of the Commonwealth Conference some time ago, saying, "Thank God for Prime Minister Mulroney and the leadership he is giving in the Commonwealth in the fight against apartheid."?

As for other leaders, western leaders like Prime Minister Thatcher and former President Reagan, when they spoke, spoke so fulsomely of the leadership that Canada and Canada's Prime Minister was giving that some of our political opponents at home thought those western leaders were intruding unduly into Canadian political affairs.

Senator Denis: Why don't you say you discovered Canada!

Senator Murray: Honourable senators, the Leader of the Opposition took some liberties, as veteran politicians sometimes do, with statistics on the subject of defence. I do not intend to get into a lengthy discussion of defence policy today, but he was so proud of the percentage increase in defence expenditures in certain years under his government that I felt obliged to go back and look at the record. I discovered what I had suspected, that, yes, there had been an increase, but the base over which the increase had been made was so low that the percentage increase he cited yesterday was really very misleading. As a matter of fact, during part of the time prior to 1980 our defence budget experienced negative real growth. During the period 1983 to 1988, however, the average real growth in our defence budget was 4.3 per cent, whereas during the period 1978 to 1982 it was 2.4 per cent.

One notable feature of the Canadian defence budget during the past ten years that I think is important has been the effort in the last three years to improve the equipment of the Canadian Forces. In 1978 only 10 per cent of Canada's defence expenditures was allocated for new equipment. During the last three years the percentage has increased to over 20 per cent.

During his remarks on foreign policy the Leader of the Opposition criticized the government for having praised the mediator in the Canada-France fisheries dispute "... for his role in getting Canada to agree to flagrant over-fishing by the French in the disputed zone." I am, of course, quoting from Senator MacEachen's speech. First of all, this disputed zone is just that—a zone that is claimed by both sides. The French had aimed at taking 26,000 tonnes of cod in 3Ps. So what Canada accomplished, with the aid of Mr. Iglesias, the mediator, was the persuading of the French to roll back their catches to less than 16,000 tonnes. That is about a 50 per cent roll-back.

Senator Frith: Steal a little less!

Senator Flynn: You are hopeless!

Senator Murray: There will continue to be some over-fishing, but, at the same time, Canada has obtained a reference of the boundary dispute to an international tribunal. That is the

only way to get rid of the disputed zone and to control resource allocation in what will then be unequivocally Canadian waters.

I can only assume that the Leader of the Opposition's remarks on this question yesterday were inspired by the fact that there is an election under way in Newfoundland and he wanted to make some partisan points if he could. I think he would do well to reread the statement by the president of the Newfoundland Fishermen's Union, Mr. Richard Cashin, who, I believe, is a former protégé of the honourable senator in Parliament.

Senator MacEachen: I have read it—he has not conformed fully.

Senator Murray: The honourable senator says that his protégé has not conformed fully.

Senator Petten: He has a way to go.

Senator Frith: He has forgotten his lessons.

Senator Murray: In any case, I think he is not a disinterested party; his union is not a disinterested party, either.

Senator Frith: No. We will soon find out why he isn't disinterested, I'm sure.

Senator Murray: His union has quite a stake in the settlement and resolution of all of the issues. Mr. Cashin has taken the position that this is an essential first step and that Canada has made the best deal it could have achieved under the circumstances.

Honourable senators, the Leader of the Opposition said yesterday that the Speech from the Throne was the first inkling we had had as to the plans of the government in this second mandate. Well, that is not really the case. Surely it must be obvious to him, as it is, I think, to the country, and as it was to the country during the election campaign, that over the next four years we have to complete the historic initiatives that we began in our first mandate: implementation of free trade; phase II of tax reform; Constitutional reform; national childcare; deregulation, privatization and regional development. There is still plenty on the agenda. I am thankful that we will have a chance during our second mandate to finish what we started during our first.

Over the next four years we will become, as a country, more outward looking than we have ever been. Much has been said about the Free Trade Agreement with the United States, about its economic potential for us and the impetus it might give to further liberalization of multilateral trade and so forth. Yet, for Canadians it is even more than that. Our relationship with the United States has long been one of defining features of the Canadian identity. Feelings of inferiority, of superiority, of fear, of envy—these have typified the love-hate dialectic between our two nations since the first United Empire Loyalists arrived here.

The political success of the Free Trade Agreement in last November's election signals not only our growing economic stature but also our emerging confidence and maturity as a people. The capacity of Canadians to weigh the benefits and risks of free trade and to choose the option to compete is a

testament to how much we have grown and how secure we have become in ourselves and in our nation.

Honourable senators know that because of the large or small size or geographical position of certain countries in this world, their people are instinctively international in their outlook. We Canadians must become more like that. In our second mandate the government will give priority to those issues of international trade, development and investment that will raise living standards, open markets and build opportunities and prosperity at home and abroad. Canada is not a superpower, but our Prime Minister is in a position of leadership in the Commonwealth and in la francophonie, where many of the developing countries and some newly industrialized economies are represented. We have earned a place among the industrialized countries of the world as well.

● (1440)

I believe that this strengthened sense of national identity is responsible for, and reflected in, the conclusion of the Meech Lake Accord, as it was in the mandate for free trade accorded to the government in November last.

[Translation]

Canadians have chosen to experience two historic turning points in their country's history: the opening-up of free trade with our neighbours to the south and recognition of Quebec as a distinct society within Canada.

These two major changes go to the very heart of our collective identity and our existence as a country. That is why they have raised both high hopes and a number of concerns among Canadians. The government is very much aware of this ambivalence, and we intend to respond with guarantees for our Canadian identity and our solidarity as a country and society.

Traditionally, Canada has refused to follow the example of the American melting pot and has emphasized a form of east-west solidarity aimed at neutralizing a continental polarization towards the south. It is therefore not surprising that at the very moment it was concluding a free trade agreement with the United States, Canada found it appropriate to use the Meech Lake Accord to confirm those characteristics that make our country what it is.

The fundamental linguistic duality of Canada; Quebec's right, as a distinct society, to live and prosper in French within Canada; a rightful place for native rights and multiculturalism in our society—these are some of the common values that the Meech Lake Accord re-emphasizes as components of our Canadian identity.

The free trade debate, however, has shown beyond a doubt that Canadians refuse to dissociate from their collective identity a host of other "solidarities" we have created over the years. I am thinking of our social programs aimed at promoting equal opportunities for Canadians in all regions of this country. Regional mutual assistance and equalization were entrenched in the Constitution Act, 1982. I am also thinking of the cultural industries we have created to express what we are, to create our own imagery and to have our own window on the world.

[Senator Murray.]

Understandably, while accepting continental and international free trade, Canadians are anxious to preserve what makes them unique, and the government intends to take action to consolidate the essential aspects of our collective identity.

The identity of a nation, however, is not static. In fact, by meeting new challenges, Canadians will discover new solidarities. That is why the government has had no hesitation in suggesting a number of ambitious national projects such as liberalized international trade and cleaning up the environment. By their very nature, these problems go beyond the confines of regional and even international concerns. They demand co-ordinated action by federal-provincial governments, supported by the will of all Canadians to succeed in these efforts.

To realize our cultural potential, co-ordinate our efforts with respect to official languages, strengthen our social fabric, consolidate our instruments for mutual assistance, embark on the next phase of constitutional renewal, protect our environmental heritage and enhance Canada's image in the world: these are the main priorities that the government has set, the new challenges it has taken on to maintain our Canadian identity and reinforce our sense of solidarity as citizens of one and the same country.

[English]

So, honourable senators, the challenges before us include, among other things, the globalization of the economy, rising protectionism and a deteriorating physical environment. These can only be met by effective joint action by both orders of government. Now, more than ever, Canadians cannot afford and will not tolerate governments working at cross purposes.

During our second mandate we will continue to provide strong federal leadership in the forging of partnerships among governments and with the private sector—with business, labour, universities, community groups—that will allow us to meet the challenges of the 1990s and to further strengthen the federation.

Sustaining economic prosperity, assuring national solidarity and national unity, distributing the benefits of economic growth fairly, protecting our environment and carrying these commitments to an international stage—these all shape the agenda of our second mandate and the history of our nation. These are challenges, honourable senators, which I am sure this generation of Canadians will take up confidently and to which I trust this Parliament and this chamber will respond in a positive and constructive spirit.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, may I ask Senator Murray a question?

Senator Murray: Yes.

Senator Frith: Can he tell us when the promised child care legislation will be introduced?

Senator Murray: I cannot do that, honourable senators. My friend will be aware that in the other place, as in this place, the government proposes and the opposition disposes. The date of presentation of that legislation will, of course, be affected by the course of events in the other House and the manner in

which agreement is able to be reached among the parties as to the legislative agenda for this session.

Hon. Philippe Deane Gigantès: Honourable senators, I should like to adjourn the debate in my name.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Senator Beaudoin wishes to speak this afternoon. If the honourable senator is not going to speak himself today, perhaps he would allow Senator Beaudoin to speak.

Senator Gigantès: Certainly. However, I should like to speak after Senator Beaudoin.

[Translation]

Hon. Gérard Beaudoin: Honourable senators, as is the custom, the Speech from the Throne provides that this House will be asked to pass some legislation. Inevitably, the laws affect some fundamental freedoms. It is appropriate to say a few words about the constitutional context that since April 17, 1982 governs all laws.

I wanted my first speech in this Chamber to deal with the Canadian Charter of Rights and Freedoms and the balance among the three main branches of government since 1982.

Before getting into the subject, I want to wish the Speaker of this Chamber, the Hon. Guy Charbonneau, whose mandate has just been renewed, smooth sailing.

● (1450)

[English]

My good wishes are also extended to the Leader of the Government, Senator Lowell Murray, and to the Leader of the Opposition, Senator Allan MacEachen. They both assume a second mandate.

When the Canadian Charter of Rights and Freedoms was entrenched in the Constitution of 1982, we entered a new era: that of constitutional protection of our rights and freedoms.

Chief Justice Brian Dickson pointed out in 1985, at a colloquium on the Supreme Court, that the Charter is the greatest challenge in the Supreme Court's history.

Before the entrenchment of the Charter rights and freedoms had been protected in this country primarily by laws and statutes and, to a certain extent, by the courts and the Constitution. But the entrenchment of our rights has radically altered Canada's judicial and juridical life. Every year our court of last resort hands down a number of important judgments on Charter cases, judgments that affect ordinary Canadians in their day-to-day life.

[Translation]

Enshrining rights and freedoms in the Constitution seems to me a much better and more effective way to protect our fundamental rights. It is in keeping with the great declarations of human rights since the Second World War. It is good to allow any Canadian citizen to challenge in court the validity of any law that a parliamentary majority of the moment passed without respecting the higher values on which the country has agreed.

Some rights are universal, such as the basic rights, and they exist in all the great democracies. However, other rights are specific to our country, like language rights.

In five years, the Supreme Court has rendered 75 decisions on the Charter, of which more than twenty are landmark decisions of the greatest importance. Such work commands respect.

Nevertheless, for the federal Parliament and provincial legislatures, for the legislative branch of government, including the Senate, these decisions may raise questions in the mind of some people. It is worth considering these questions.

In Canada, we have a very strong judicial system. It is clearly separate from the executive and legislative branches of government, as it has been in Great Britain since the Settlement Act of 1701, in the United States since 1787, and as it is in some other great democracies.

[English]

Where does the role of the legislator end? Where does that of the judge begin? Where should the limits of the judicial forum and of the political arena be drawn?

In 1787, Alexander Hamilton wrote in *The Federalist* that the judicial branch was the weakest of the three branches of the state. But matters have changed considerably in the United States and Canada. Some Canadians occasionally wonder if we are now seeing "government by judges". The question is not a new one. It was raised in 1982 with the entrenchment of the Canadian Charter of Rights and Freedoms.

The judicial branch in Canada controls the constitutionality of our legislation. It has been doing so with respect to the distribution of legislative powers for a century, and for seven years with respect to rights and freedoms. Like the U.S. Supreme Court, our Supreme Court is a powerful institution. Its powers have attracted more attention in constitutional cases, however, because those concern us all.

[Translation]

We may ask whether the Court is too powerful. It is up to the legislators to assume their rightful role. The highest court has called upon them to do that in four or five decisions rendered in the last few years. It has given specific indications in some cases, such as language rights, legal guarantees, indeed fundamental freedoms.

We all know the theory of the three branches of government: legislative, executive and judiciary. It is thought to come to us from the Enlightenment, it is attributed to Montesquieu, but also to other great jurists and philosophers of his time, like Locke.

The Americans drew upon it with good results in writing their Constitution in 1787 and their Bill of Rights in 1789; Madison and Jefferson in the political arena and John Marshall in the Supreme Court in *Marbury v. Madison* in 1803.

Although in our country, as in England, the legislative and executive are not as clearly separated as in the United States, because of our parliamentary system which we cherish and the principle of responsible government, we accept the separation

of the three branches and we strive for a healthy balance among them.

What is the state of this balance today in 1989?

[English]

There will always be a school of thought that regrets the old system under which Parliament could do anything. Great Britain was the prototype of that form of government. In Canada the first restriction was placed on parliamentary supremacy in 1867, when, with the adoption of federalism, the various areas of jurisdiction were divided between Ottawa and the provinces. A second restriction was introduced in 1982 with the entrenchment of our Charter of Rights. In my opinion, we did the right thing. It is to the advantage of the citizens of Canada. Great Britain itself is now subject to a supernational Charter of Rights, and the results have been positive. Absolute parliamentary supremacy no longer exists in Great Britain, as was demonstrated in the *Sunday Times Case* of 1979.

The debate here was settled in 1982: we have a constitutional Charter and it will stay.

[Translation]

However, Parliament's role remains, and I believe it is, irreplaceable and essential.

At times Parliament may be reluctant to act. For instance, the Court is not the sole guardian of the Constitution. It is not the only branch responsible for protecting rights and freedoms, and it has said so repeatedly.

The role of Parliament remains intact. It too must guarantee our rights and freedoms, legislate to create new ones, as necessary, and respect those rights and freedoms in every piece of legislation it adopts.

I shall, if I may, deal very briefly with one or two articles of the Charter that have been receiving much attention lately.

Section 1 of the Charter provides that the freedoms set out in the Charter are guaranteed by the Constitution. However, these rights and freedoms are not absolute. According to Section 1, they are subject to reasonable limits prescribed by law that can demonstrably be justified in a free and democratic society. The role of Parliament is particularly difficult here.

The test developed by the Supreme Court in the Oakes case for section 1 of the Charter is a stringent one, based on the theory of proportionality. We know that Parliament must place as few limits as possible on a right, and that the means it uses must be in proportion to the end being pursued. The purpose of the legislation must be important and it must be legitimate. Of course, I do not presume to do justice to a decision that was very important and complex.

Parliament can legislate rights, and language rights are an example that comes to mind. I may add that in the past 20 years, the Parliament of Canada has done excellent work in the area of official languages. However, if Parliament believes that, in order to attain an important objective, it must legislate and restrict certain rights, it must be able to justify those restrictions. That is a new role for the legislator. It may be a

more difficult one than respecting the separation of powers, although that particular role is far from easy, witness 120 Privy Council decisions and about 200 decisions by the Supreme Court.

Today, Parliament intervenes in many areas. Too many, some people will say. It may act hastily, and it may not always be very successful.

• (1500)

[English]

There are problems that are settled, and can only be settled, in Parliament. This is perhaps where the Senate, as a chamber of sober second thought, can play a larger role: that of improving legislation certainly, but also that of ensuring that all legislation reflects the great, human and democratic values of our society.

[Translation]

Recently, the Supreme Court, of its own accord, has started to set certain limits beyond which it will not go. It has thus given us some valuable clarification regarding the boundary lines that must continue to exist between the legislative and judicial branches. I see this as a manifest desire to preserve the balance between the three principal powers of the State. The Supreme Court must practise self-restraint, and it has been doing that lately.

As far as distribution of legislative powers is concerned, in other words federalism, the Court has, in the last 100 years and following the lead of the Judicial Committee of the Privy Council, managed to balance these powers. If the five years which followed its first Charter decision in 1984 are any indication, it would appear that the same will apply to our Constitutional Charter.

[English]

Of course, this does not mean that all judgments of the Supreme Court will please everyone. That is absolutely impossible. Sometimes the Court itself is divided, as happens in constitutional and Charter cases from time to time, as you know.

[Translation]

Balance is never attained. History shows that at first, the legislative branch was the strongest. Then the executive was stronger, and it still is. But I believe that today, with greater power for the judiciary branch, we are moving towards a balance of the three branches.

These considerations may seem very abstract! But perhaps it is worth spending a moment on them, and dealing more concretely with our role in a specific case or for a specific piece of legislation at another time.

[English]

Another question may be whether the test formulated by the Supreme Court for interpreting section 1 of the Charter is too stringent. Not in my opinion! Any restriction on the Charter must be justified in accordance with the rules, and if it is not in accord, it should be rejected.

It may also be that the Court arrived at the stringent test because of the presence of the derogatory clause in section 33, the famous "notwithstanding" clause. Pursuant to that section, the federal Parliament and the provincial legislatures may at will exempt for five years a statute, or part of it, from the provisions of three large and important sections of the Charter—fundamental freedoms, legal rights and equality rights.

This derogatory clause is being discussed more and more now, and I shall not say much more about it at this time. I do know that certain jurists opposed this clause in 1982, and I can well understand their view. It is the reaction of a lawyer and, of course, of other persons. The clause, however, was part of the compromise of 1982 and of the Charter itself. It was to be expected that it would be used one day. It will not be easy to strike it down by constitutional amendment—probably because some people see it as a compromise between parliamentary supremacy and judicial supremacy or as a safety valve in cases of emergency. The debate is just getting under way on this last point, and I am sure that I will have occasion to come back to it.

[Translation]

Although, coming from Québec, I may be accused of having an axe to grind, I cannot conclude without saying that the Meech Lake Accords do not supersede and were never meant to supersede the Canadian Charter of Rights and Freedoms, which I support wholeheartedly. The concept of a distinct society does not, to my mind, alter substantially either the division of powers or the Charter of Rights. It is a rule of construction to which the Supreme Court will give the weight it deems appropriate in interpreting the Constitution and the Charter in individual cases. Consequently, my hope is that these accords will be ratified before June 23 1990 because the compromise reached by Prime Minister Mulroney and Premiers Bourassa, Peterson and their colleagues constitute, in my humble opinion, an essential step in the right direction.

A final word in closing, honourable senators. Parliament makes the laws and the Courts interpret them. But we all know that in our political and constitutional system, when the Courts interpret the laws and the Constitution in particular, they clarify, qualify and adapt them to changing circumstances thus breathing new life into them. In this way the Courts make law by allowing the Constitution to evolve since it cannot be amended as easily as any other piece of legislation.

Thus remains true this statement by Chief Justice Dickson of the Supreme Court:

[English]

The judiciary and the legislature both make law but it is not the same kind of law nor is it made for the same purpose.

[Translation]

Must we fear government by the judges? No, as long as the legislators perform their duties competently and play their rightful role. They must decide whether or not to legislate, and to what extent legislation is required. That is a very great challenge for all of us: Thank you.

Hon. Philippe Deane Gigantès: Honourable senators, I listened with amazement to Senator Beaudoin's wisdom and wealth of knowledge. I must say that although one may disagree with him, when one listens to him, one has no fear for the country's welfare. We know that he is someone who puts the good of the country ahead any partisan consideration.

I am making a small collection—a very small collection—of things Mr. Mulroney has done that I approve of. Some Senate appointments are on this list, especially that of Senator Beaudoin, an extraordinary man whom I respect a great deal. There is not much else I can say in favour of the Prime Minister.

I wish to adjourn this debate in my name until the next sitting of the Senate.

On motion of Senator Gigantès, debate adjourned.

The Senate adjourned until Monday, April 17, 1989 at 8 p.m.

APPENDIX "A"*(See p. 45)***INTERNAL ECONOMY, BUDGETS
AND ADMINISTRATION****FIRST REPORT OF STANDING COMMITTEE**

THURSDAY, April 6, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIRST REPORT

Your Committee has examined and approved the Senate Estimates for the fiscal year 1989-90 and recommends their adoption.

A summary of the Expenditure Budget 1989-90 accompanies this report.

Respectfully submitted,

ROMÉO LEBLANC*Chairman*

THE SENATE OF CANADA
SUMMARY OF THE EXPENDITURES BUDGET 1989/90

DESCRIPTION	Actual 1987-88	Budget 1988-89 *	Budget 1989-90	%	Forecast 1988-89	Budget 1989-90	%
PERSONNEL	22,541,081	22,591,000	24,643,500	9.1	22,591,000	24,643,500	9.1
TRANSPORTATION AND COMMUNICATION	3,307,329	3,335,500	3,566,600	6.9	3,624,500	3,566,600	(1.6)
INFORMATION / PRINTING	2,081,470	1,727,000	1,903,000	10.2	1,625,000	1,903,000	17.1
PROFESSIONAL & SPECIAL SERVICES	1,264,380	2,836,500	3,097,500	9.2	2,451,000	3,097,500	26.4
RENTALS	686,344	1,003,000	933,500	(6.9)	776,500	933,500	20.2
PURCHASED REPAIR AND UPKEEP	433,201	197,000	297,500	51.0	427,000	297,500	(30.3)
UTILITIES, MATERIALS & SUPPLIES	736,382	607,500	720,000	18.5	733,500	720,000	(1.8)
ACQUISITION OF OFFICE MACHINERY & EQUIPMENT	406,163	326,000	641,500	96.8	544,000	641,500	17.9
GRANTS & CONTRIBUTIONS	1,014,620	1,096,000	1,159,500	5.8	949,000	1,159,500	22.2
ALL OTHER EXPENDITURES	26,363	38,000	62,900	65.5	36,000	62,900	74.7
TOTAL	32,497,333	33,757,500	37,025,500	9.7	33,757,500	37,025,500	9.7

* 1988-89 figures are restated to conform to the
1989-90 presentation for comparative purposes

Bgt/exp

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Officers of the Senate

The Ministry

Senators

(Listed according to seniority, alphabetically and by provinces)

Committees of the Senate

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEachen, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

CHARLES A. LUSSIER, LL.L.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

LAW CLERK AND PARLIAMENTARY COUNSEL

R. L. DU PLESSIS, Q.C., B.A., LL.L.

GENTLEMAN USHER OF THE BLACK ROD

RENÉ GUTKNECHT, C.M.M., O.St.J., C.D.

THE MINISTRY

According to Precedence

April 6, 1989

The Right Hon. Martin Brian Mulroney	Prime Minister
The Right Hon. Charles Joseph Clark	Secretary of State for External Affairs
The Hon. John Carnell Crosbie	Minister for International Trade
The Hon. Donald Frank Mazankowski	Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture
The Hon. Elmer MacIntosh MacKay	Minister of Public Works and Minister for the purposes of the Atlantic Canada Opportunities Agency Act
The Hon. Arthur Jacob Epp	Minister of Energy, Mines and Resources
The Hon. Robert R. de Cotret	President of the Treasury Board
The Hon. Henry Perrin Beatty	Minister of National Health and Welfare
The Hon. Michael Holcombe Wilson	Minister of Finance
The Hon. Harvie Andre	Minister of Regional Industrial Expansion and Minister of State for Science and Technology
The Hon. Otto John Jelinek	Minister of National Revenue
The Hon. Thomas Edward Siddon	Minister of Fisheries and Oceans
The Hon. Charles James Mayer	Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds)
The Hon. William Hunter McKnight	Minister of National Defence
The Hon. Benoît Bouchard	Minister of Transport
The Hon. Marcel Masse	Minister of Communications
The Hon. Barbara Jean McDougall	Minister of Employment and Immigration
The Hon. Gerald Stairs Merrithew	Minister of Veterans Affairs
The Hon. Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Hon. Frank Oberle	Minister of State (Forestry)
The Hon. Lowell Murray	Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)
The Hon. Paul Wyatt Dick	Minister of Supply and Services
The Hon. Pierre H. Cadieux	Minister of Indian Affairs and Northern Development
The Hon. Jean J. Charest	Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) and Deputy Leader of the Government in the House of Commons
The Hon. Thomas Hockin	Minister of State (Small Businesses and Tourism)
The Hon. Monique Landry	Minister for External Relations
The Hon. Bernard Valcourt	Minister of Consumer and Corporate Affairs
The Hon. Gerry Weiner	Secretary of State of Canada and Minister of State (Multiculturalism and Citizenship)
The Hon. Douglas Grinslade Lewis	Minister of Justice and Attorney General of Canada and Leader of the Government in the House of Commons
The Hon. Pierre Blais	Solicitor General of Canada and Minister of State (Agriculture)
The Hon. Lucien Bouchard	Minister of the Environment
The Hon. John Horton McDermid	Minister of State (Privatization and Regulatory Affairs)
The Hon. Shirley Martin	Minister of State (Transport)
The Hon. Mary Collins	Associate Minister of National Defence
The Hon. Alan Redway	Minister of State (Housing)
The Hon. William Charles Winegard	Minister of State (Science and Technology)
The Hon. Kim Campbell	Minister of State (Indian Affairs and Northern Development)
The Hon. Jean Corbeil	Minister of Labour
The Hon. Gilles Loiselle	Minister of State (Finance)

SENATORS OF CANADA

ACCORDING TO SENIORITY

April 6, 1989

Senator	Designation	Post Office Address
THE HONOURABLE		
David A. Croll	Toronto-Spadina	Toronto, Ont.
Hartland de Montarville Molson	Alma	Montreal, Que.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Daniel Aiken Lang	South York	Toronto, Ont.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Toronto, Ont.
Hazen Robert Argue, P.C.	Regina	Kayville, Sask.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
William John Petten	Bonavista	St. John's, Nfld.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
Maurice Riel, P.C.	Shawinigan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Jack Austin, P.C.	Vancouver South	Vancouver, B.C.
Paul Lucier	Yukon	Whitehorse, Yukon.
David Gordon Steuart	Prince Albert-Duck Lake	Regina, Sask.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.
Duff Roblin, P.C.	Red River	Winnipeg, Man.
Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface, Man.
Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto, Ont.
Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.
Dalia Wood	Montarville	Montreal, Que.

SENATORS—ACCORDING TO SENIORITY

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Senator	Designation	Post Office Address
THE HONOURABLE		
Fernand-E. Leblanc	Saurel	Montreal, Que.
Reginald James Balfour	Regina	Regina, Sask.
Lowell Murray, P.C.	Grenville-Carleton	Ottawa, Ont.
Martha P. Bielish	Lakeland	Warspite, Alta.
Guy Charbonneau (Speaker)	Kennebec	Montreal, Que.
Arthur Tremblay	The Laurentides	Quebec, Que.
C. William Doody	Harbour Main-Bell Island	St. John's, Nfld.
Heath Macquarrie	Hillsborough	Victoria, P.E.I.
Nathan Nurgitz	Winnipeg North	Winnipeg, Man.
Cyril B. Sherwood	Royal	Norton, N.B.
Peter Alan Stollery	Bloor and Yonge	Toronto, Ont.
Peter Michael Pitfield, P.C.	Ottawa-Vanier	Ottawa, Ont.
William McDonough Kelly	Port Severn	Mississauga, Ont.
Jacques Hébert	Wellington	Montreal, Que.
Leo E. Kolber	Victoria	Westmount, Qué.
Philippe Deane Gigantès	De Lorimier	Montreal, Qué.
John B. Stewart	Antigonish-Guysborough	Bayfield, N.S.
Michael Kirby	South Shore	Halifax, N.S.
Jerahmiel S. Grafstein	Metro Toronto	Toronto, Ont.
Anne C. Cools	Toronto Centre	Toronto, Ont.
Charlie Watt	Inkerman	Kuujuaq, Qué.
Lorna Marsden	Toronto-Taddle Creek	Toronto, Ont.
Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Daniel Phillip Hays	Calgary	Calgary, Alta.
Joyce Fairbairn	Lethbridge	Lethbridge, Alta.
Colin Kenny	Rideau	Ottawa, Ont.
Pierre De Bané, P.C.	De la Vallière	Montreal, Que.
Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Roméo LeBlanc, P.C.	Beauséjour	Grand-Diguc, N.B.
Eymard Georges Corbin	Grand-Sault	Grand-Sault, N.B.
Thomas Henri Lefebvre	De Lanaudière	Davidson, Que.
Charles Robert Turner	London	London, Ont.
Finlay MacDonald	Halifax	Halifax, N.S.
Brenda Mary Robertson	Riverview	Shediac, N.B.
Efstathios William Barootes	Regina-Qu'Appelle	Regina, Sask.
Richard J. Doyle	North York	Toronto, Ont.
Paul David	Bedford	Montreal, Que.
Jean-Maurice Simard	Edmundston	Edmundston, N.B.
Michel Cogger	Lauzon	West Brome, Que.
Norman K. Atkins	Markham	Markham, Ont.
Ethel Cochrane	Newfoundland	Port au Port, Nfld.
Eileen Rossiter	Prince Edward Island	Charlottetown, P.E.I.
Mira Spivak	Manitoba	Winnipeg, Man.
Jean Bazin	De la Durantaye	Montreal, Que.
Gerald R. Ottenheimer	Waterford-Trinity	St. John's, Nfld.
Roch Bolduc	Golfe	Ste. Foy, Que.
Solange Chaput-Rolland	Mille Isles	Montreal, Que.
Jean-Marie Poitras	De Salaberry	Quebec, Que.
Gérald-A. Beaudoin	Rigaud	Hull, Que.

SENATORS OF CANADA

ALPHABETICAL LIST

April 6, 1989

Senator	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Anderson, Margaret Jean	Northumberland-Miramichi	Newcastle, N.B.
Argue, Hazen, P.C.	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Atkins, Norman K.	Markham	Markham, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barootes, Efstathios William	Regina-Qu'Appelle	Regina, Sask.
Bazin, Jean	De la Durantaye	Montreal, Que.
Beaudoin, Gérard-A.	Rigaud	Hull, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Bielish, Martha P.	Lakeland	Warspite, Alta.
Bolduc, Roch	Golfe	Ste. Foy, Que.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Chaput-Rolland, Solange	Mille Isles	Montreal, Que.
Charbonneau, Guy (Speaker)	Kennebec	Montreal, Que.
Cochrane, Ethel	Newfoundland	Port au Port, Nfld.
Cogger, Michel	Lauzon	West Brome, Que.
Cools, Anne C.	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Toronto, Ont.
David, Paul	Bedford	Montreal, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montreal, Que.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Frith, Royce	Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montreal, Qué.
Grafstein, Jerahmiel S.	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Guay, Joseph-Philippe, P.C.	St. Boniface	St. Boniface, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montreal, Que.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo E.	Victoria	Westmount, Qué.
Lang, Daniel A.	South York	Toronto, Ont.

SENATORS—ALPHABETICAL LIST

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Senator	Designation	Post Office Address
THE HONOURABLE		
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Sauvel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Idlesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Poitras, Jean-Marie	De Salaberry	Quebec, Que.
Riel, Maurice, P.C.	Shawinigan	Westmount, Que.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Sherwood, Cyril B.	Royal	Norton, N.B.
Simard, Jean-Maurice	Edmundston	Edmundston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Stewart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujuuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.

SENATORS OF CANADA

BY PROVINCE

April 6, 1989

ONTARIO—24

Senator	Designation	Post Office Address
THE HONOURABLE		
1 David A. Croll.....	Toronto-Spadina.....	Toronto.
2 David James Walker, P.C.	Toronto.....	Toronto.
3 Rhéal Bélisle.....	Sudbury.....	Sudbury.
4 Daniel Aiken Lang.....	South York.....	Toronto.
5 Douglas Keith Davey.....	York.....	Toronto.
6 Andrew Ernest Thompson.....	Dovercourt.....	Kendal.
7 Richard James Stanbury.....	York Centre.....	Toronto.
8 Joan Neiman.....	Peel.....	Caledon East.
9 Royce Frith.....	Lanark.....	Perth.
10 Peter Bosa.....	York-Caboto.....	Etobicoke.
11 Stanley Haidasz, P.C.....	Toronto-Parkdale.....	Toronto.
12 Lowell Murray, P.C.....	Grenville-Carleton.....	Ottawa.
13 Peter Alan Stollery.....	Bloor and Yonge.....	Toronto.
14 Peter Michael Pitfield, P.C.....	Ottawa-Vanier.....	Ottawa.
15 William McDonough Kelly.....	Port Severn.....	Mississauga.
16 Jerahmiel S. Grafstein.....	Metro Toronto.....	Toronto.
17 Anne C. Cools.....	Toronto Centre.....	Toronto.
18 Lorna Marsden.....	Toronto-Taddle Creek.....	Toronto.
19 Colin Kenny.....	Rideau.....	Ottawa.
20 Charles Robert Turner.....	London.....	London.
21 Richard J. Doyle.....	North York.....	Toronto.
22 Norman K. Atkins.....	Markham.....	Markham.
23 .....	.....	.....
24 .....	.....	.....

QUEBEC—24

Senator

Electoral Division

Post Office Address

THE HONOURABLE

1	Hartland de Montarville Molson.....	Alma.....	Montreal.
2	Jacques Flynn, P.C.	Rougemont.....	Quebec.
3	Azellus Denis, P.C.	La Salle.....	Montreal.
4	Martial Asselin, P.C.	Stadacona.....	La Malbaie.
5	Maurice Riel, P.C.	Shawinigan.....	Westmount.
6	Pietro Rizzuto	Repentigny.....	Laval sur le Lac.
7	Dalia Wood	Montarville.....	Montreal.
8	Fernand-E. Leblanc.....	Saurel.....	Montreal.
9	Guy Charbonneau (Speaker).....	Kennebec.....	Montreal.
10	Arthur Tremblay.....	The Laurentides.....	Quebec.
11	Jacques Hébert.....	Wellington.....	Montreal.
12	Leo E. Kolber	Victoria.....	Westmount.
13	Philippe Deane Gigantès	De Lorimier	Montreal.
14	Charlie Watt	Inkerman	Kuujuaq.
15	Pierre De Bané, P.C.....	De la Vallière	Montreal.
16	Thomas Henri Lefebvre	De Lanaudière	Davidson.
17	Paul David	Bedford	Montreal.
18	Michel Cogger.....	Lauzon.....	West Brome.
19	Jean Bazin	De la Durantaye	Montreal.
20	Roch Bolduc	Golfe	Ste. Foy.
21	Solange Chaput-Rolland	Mille Isles.....	Montreal.
22	Jean-Marie Poitras	De Salaberry	Quebec.
23	Gérald-A. Beaudoin.....	Rigaud	Hull.
24	.....	.....	.....

SENATORS BY PROVINCE—MARITIME DIVISION

NOVA SCOTIA—10

Senator	Designation	Post Office Address
THE HONOURABLE		
1 John Michael Macdonald.....	Cape Breton	North Sydney.
2 Henry D. Hicks	The Annapolis Valley	Halifax.
3 Bernard Alasdair Graham	The Highlands	Sydney.
4 Robert Muir	Cape Breton-The Sydneys	Sydney Mines.
5 John B. Stewart	Antigonish-Guysborough	Bayfield.
6 Michael Kirby	South Shore	Halifax.
7 Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh.
8 Finlay MacDonald	Halifax	Halifax.
9 .....	.....	.....
10 .....	.....	.....

NEW BRUNSWICK—10

THE HONOURABLE		
1 Charles Robert McElman	Nashwaak Valley	Fredericton.
2 Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
3 Margaret Jean Anderson	Northumberland-Miramichi	Newcastle.
4 L. Norbert Thériault	Baie du Vin	Baie Ste-Anne.
5 Cyril B. Sherwood	Royal	Norton.
6 Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue.
7 Eymard Georges Corbin	Grand-Sault	Grand-Sault.
8 Brenda Mary Robertson	Riverview	Shediac.
9 Jean-Maurice Simard	Edmundston	Edmundston.
10 .....	.....	.....

PRINCE EDWARD ISLAND—4

THE HONOURABLE		
1 Orville Howard Phillips	Prince	Alberton.
2 Mark Lorne Bonnell	Murray River	Murray River.
3 Heath Macquarrie	Hillsborough	Victoria.
4 Eileen Rossiter	Prince Edward Island	Charlottetown.

SENATORS BY PROVINCE—WESTERN DIVISION

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MANITOBA—6

Senator	Designation	Post Office Address
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THE HONOURABLE

1 Douglas Donald Everett	Fort Rouge	Winnipeg.
2 Gildas L. Molgat	St. Rose	St. Vital.
3 Duff Roblin, P.C.	Red River	Winnipeg.
4 Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface.
5 Nathan Nurgitz	Winnipeg North	Winnipeg.
6 Mira Spivak	Manitoba	Winnipeg.

BRITISH COLUMBIA—6

THE HONOURABLE

1 Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2 Edward M. Lawson	Vancouver	Vancouver.
3 George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4 Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
5 Jack Austin, P.C.	Vancouver South	Vancouver.
6 Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops.

SASKATCHEWAN—6

THE HONOURABLE

1 Hazen Robert Argue, P.C.	Regina	Kayville.
2 Herbert O. Sparrow	Saskatchewan	North Battleford.
3 Sidney L. Buckwold	Saskatoon	Saskatoon.
4 David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5 Reginald James Balfour	Regina	Regina.
6 Efsthathios William Barootes	Regina-Qu'Appelle	Regina.

ALBERTA—6

THE HONOURABLE

1 Earl Adam Hastings	Palliser-Foothills	Calgary.
2 Horace Andrew Olson, P.C.	Alberta South	Iddesleigh.
3 Martha P. Bielish	Lakeland	Warspite.
4 Daniel Phillip Hays	Calgary	Calgary.
5 Joyce Fairbairn	Lethbridge	Lethbridge.
6 .....	.....	.....

SENATORS BY PROVINCE

NEWFOUNDLAND—6

Senator	Designation	Post Office Address
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THE HONOURABLE

1 William John Petten	Bonavista	St. John's.
2 Philip Derek Lewis	St. John's	St. John's.
3 Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook.
4 C. William Doody	Harbour Main-Bell Island	St. John's.
5 Ethel Cochrane	Newfoundland	Port au Port.
6 Gerald R. Ottenheimer	Waterford-Trinity	St. John's.

NORTHWEST TERRITORIES—1

THE HONOURABLE

1 Willie Adams	Northwest Territories	Rankin Inlet.
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YUKON TERRITORY—1

THE HONOURABLE

1 Paul Lucier	Yukon	Whitehorse.
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ALPHABETICAL LIST OF STANDING, SPECIAL AND JOINT COMMITTEES

(As of April 6, 1989)

**Ex Officio Member*

COMMITTEE OF SELECTION

**Chairman: Hon. Senator Phillips
and Hon. Senators**Corbin,
Denis,
Doody,
Frith,Lewis,
Macdonald
(Cape Breton),
*MacEachen
(or Frith),*Murray
(or Doody),Nurgitz,
Petten.

FOREIGN AFFAIRS

**Chairman: Hon. Senator Stewart
(Antigonish-Guysborough)
and Hon. Senators****Deputy Chairman: Hon. Senator Bazin**Bosa,
Beaudoin,
Doyle,
Fairbairn,Frith,
Gigantès,
Grafstein,
Kelly,LeBlanc
(Beauséjour),
*MacEachen
(or Frith),*Murray
(or Doody),
Nurgitz.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

**Chairman: Hon. Senator LeBlanc (Beauséjour)
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(or Doody),
Roblin.**Senator Lowell Murray, P.C., and Senator Allan J. MacEachen, P.C.—Ex Officio Members of all Standing Committees of the Senate*

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, APRIL 18, 1989

NATIONAL DEFENCE
(Special)

356-S 11:00 a.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

Discussion of future business of the Committee

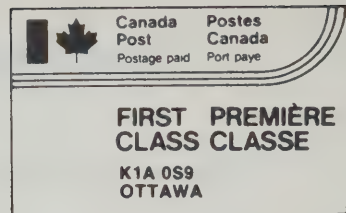
THURSDAY, APRIL 20, 1989

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 5

OFFICIAL REPORT
(HANSARD)

Monday, April 17, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Monday, April 17, 1989

The Senate met at 8 p.m., the Speaker in the Chair.
Prayers.

[Translation]

OFFICIAL LANGUAGES

REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the Report of the Commissioner of Official Languages for the year ended March 31, 1988, as required under the Privacy Act.

COMMISSIONER'S REPORT—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint Their Honours that the report of the Commissioner of Official Languages for the year 1988 has been referred to the Standing Joint Committee on Official Languages.

[English]

POINT OF ORDER

[Later:]

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, before the Orders of the Day are called, I have a small procedural nit to pick, which I think I picked once before, but it has not been changed. I do not think it is correct for the House of Commons to send a message to the Senate "to acquaint Their Honours that the report of the Commissioner of Official Languages for the year 1988 has been referred to the Standing Joint Committee on Official Languages," because, of course, unless we also refer it, it is not so referred. I think we might draw to the attention of the other place that I raised this matter on a previous occasion and that, in my opinion, the message should be that the House has referred the report to the standing joint committee and asks us to do likewise.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the

Session.—(*Honourable Senator Gigantès*). (3rd day of resuming debate)

Hon. Philippe Deane Gigantès: Honourable senators, on April 5 and 6 last I had a vision of the great Hindu god Vishnu, the one with six arms. He looked like the Leader of the Government in the Senate and was patting himself on the back with all six hands. I will comment on the economic parts of this vainglory in the debate on the budget.

Suffice it to say that the honourable Leader of the Government and his suzerain lord, Prime Minister Mulroney, remind me of the *The Wizard of Id* comic strip in which the little king says he is going to have to raise taxes. "Blame it on the previous administration," says his sidekick, Sir Rodney. "I am the previous administration," the little king replies, showing a better grasp of the passage of time and less chutzpah than Mr. Brian Mulroney.

Until the budget is presented and we have to mourn over its inevitable Thatcherite biases, I should like to focus on the main themes in the Speech from the Throne, as these were identified by the Honourable Senator Murray.

Here is a quotation from the speech by the Leader of the Government in the Senate:

Canadians have chosen to experience two historic turning points in their country's history: the opening-up of free trade with our neighbours to the south; and recognition of Quebec as a distinct society within Canada.

This appears at page 50 of *Debates of the Senate* of April 6, 1989.

The Canadian people might not have been averse to trading even more with the United States, or being accommodating towards Quebec's constitutional needs. But the Canadian people surely did not choose to achieve these objectives by giving away the store, as Prime Minister Mulroney and his Minister of State for Federal-Provincial Relations have done.

Take the Free Trade Agreement with the United States: The Prime Minister promised, solemnly, that he would not sign it unless Canadian exporters were exempted from the so-called U.S. fair trade laws. We were not so exempted. We have to negotiate for seven years to reach an arrangement that might exempt us from U.S. protectionist laws. Furthermore, we will be negotiating during those seven long years after having given up our trump cards by surrendering to the Americans everything they wanted: a free hand in our energy resources; the right to buy out Canadian firms without having to observe any regulations; a free hand in investing with no conditions; and in dominating our financial sector without reciprocal rights for Canadians.

Remember, a majority of Canadians did not vote Tory in the last election, despite the Pactolus of prevarications knowingly poured out on this issue by the government and those business people who are its friends. Remember the four-page newspaper insert put out by the Business Council on National Issues, with money from some donors too undemocratic or too craven to let their identities be revealed.

Senator Perrault: Five and a half million advocacy dollars!

Senator Gigantès: The insert asked the question: "If the Free Trade Agreement is approved, will business use it as an argument for demanding cuts in social services?" "Of course not," replied the ad. Yet, immediately after the entry into force of the agreement, the people who wrote that ad began asking for a reduction in social services. What that says about ethics I cannot tell in terms acceptable to His Honourable the Speaker. I hope that those who believed the Tories and their friends last November will remember the lies on the free trade issue.

But would Canadian negotiators have assented to a bad deal? It is not a bad deal in their eyes. They are economic continentalists. They are Harvard School of Business "only the next quarter's bottom line matters" guys. Some of them supported the scheme to dam James Bay and export Niagaras of fresh water to the U.S. They love the unrestrained social Darwinism of the American right wing.

Having them in charge of the free trade negotiations was like hiring the lover of your future spouse to be your lawyer in negotiating a prenuptial agreement.

Did the Prime Minister really reflect on what he was doing to the country? The question is pertinent, after his outburst in the House of Commons this month when he declared that the Canadian Constitution, the whole of the Constitution, is not worth the paper it is written on because of the "notwithstanding" clause, which allows governments to negate some rights given to citizens by the 1982 Charter.

This is the same Prime Minister who named to the Court of Appeal of the province of Manitoba, Sterling Lyon, the man who led the fight to deny Franco-Manitobans their constitutional rights; the main drafter of the "notwithstanding" clause Mr. Mulroney would now have us believe he abominates. Putting Sterling Lyon on the bench to protect Charter rights is like using a fox to protect the denizens of a chicken coop. But that is our Prime Minister's way with ethics.

Honourable senators remember, no doubt, the wise and pondered comments in this chamber on April 6 made by that great constitutional scholar, our most learned colleague, Senator Beaudoin. The 1982 Charter was another step in restricting the absolute sovereignty of legislatures over citizens' rights by enshrining those rights in a Charter within the Constitution. Senator Beaudoin thought this unprecedented constitutional protection was a good thing in a country that, theretofore, had left such rights to the sometimes capricious supremacy of elected legislators.

The Charter was a major constitutional change, a watershed. Naturally the provincial legislatures, in the persons of

their premiers, fought against this change and demanded that they be left a vestigial hold on the fate of citizens' rights, and that is the "notwithstanding" clause. It allows legislators to suspend rights for five years. But the process is one in which they must publicly declare that they are, in fact, suspending the fundamental rights of citizens, who may well show resentment at a future election.

● (2010)

Another respected constitutional scholar, Mr. Gil Rémillard, speaking in Quebec's legislature on June 23, 1987, as his province's minister for intergovernmental affairs, said:

[Translation]

Even in a democratic society like ours, we are not always safe from excessive government action against some basic rights or fundamental freedoms? But in 1982, for the first time we obtained constitutional guarantee of some rights and freedoms which were included in a charter . . . Consequently, we came to consider the Charter of Rights and Freedoms as a vested right, the cornerstone of our Canadian democracy—

About the notwithstanding clause, Mr. Rémillard is quoted as having said:

—I am not particularly pleased about that clause, because I care about the rights of the people, and about their individual freedoms. But I also think that, in certain circumstances, collective rights should override individual rights.

[English]

Thus, according to two eminent and respected constitutional scholars, the 1982 Charter represented a major step forward in strengthening the rights of citizens. Before the 1982 Charter these rights were not guaranteed or even defined in the Constitution. The Charter represents a much stronger guarantee of these rights, even though it includes a "notwithstanding" clause that could be abused by legislators willing to face the odium and the political risk of explicitly and avowedly curbing some, though not all, fundamental rights.

Contrast the wisdom of Senator Beaudoin and of Mr. Rémillard on this issue with the Prime Minister's behaviour in the House of Commons on April 6 this year. He gets up, pounds his fist, and declares that the 1982 Constitution "is not worth the paper it is printed on" because of the "notwithstanding" clause.

Articles 2 and 7 to 15 of the 1982 Charter can be suspended for five years under the "notwithstanding" clause. The other articles cannot be suspended at all, but they are worthless all the same in our Prime Minister's view.

The right to vote, article three, is worthless, the Prime Minister says. The obligation to hold elections every five years, article 4, is worthless too, he thinks. Having Parliament sit at least once every 12 months, article 5, is worthless. For the Prime Minister, this is understandably so, in this case, since, when Parliament sits, he is likely to make even more statements that expose him to public ridicule.

Article 6, which gives citizens the right to live and work anywhere in the country, is worthless, according to Mr. Mulroney.

The equality of the two official languages, and the rights of citizens to use them both, is worthless too, our Prime Minister asserts. So much for articles 16 to 23, including the right to education in the minority official language. Those are worthless, says the Prime Minister.

Worthless too he deems article 24, which says that "Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances." That is not worth the paper it is printed on, according to the Prime Minister, even though this right has been used in countless cases and has already had a major impact on our jurisprudence and the lives of many citizens who have used the protection of this clause.

The protection of aboriginal rights, in article 25 of the Charter, not subject to the "notwithstanding" clause—that too is worthless, the Prime Minister declares.

Worthless too, according to Brian Mulroney, is the preservation and enhancement of the multicultural heritage of Canadians, as guaranteed by article 27 of the 1982 Charter.

The equality of rights for male and female persons, article 28, is worthless in the eyes of our Prime Minister.

So also worthless, for the Prime Minister, is the guarantee of denominational, separate or dissentient schools, in article 29 of the 1982 Charter.

And what of Part III of the 1982 Constitution, which guarantees equalized economic opportunities and public services to Canadians, whatever the province they live in? Worthless, says the Prime Minister of Canada.

So is the rest of the 1982 Constitution worthless, including all former acts which it incorporates, some dating back to the foundation of our country in 1867. One hundred and twenty-two years of Canadians living under the law are declared worthless by Mr. Brian Mulroney.

It was an embarrassing spectacle of prime ministerial pique and infantile petulance, not to mention profound contempt for what most democracies hold sacred, the fundamental law of the land. Why the rage? The press began searching for explanations. Because, said someone, evoking books by erstwhile Mulroney minions, each morning the Prime Minister asks: "Mirror, mirror on the wall, who's the greatest of them all?" And the mirror of Canadian history in the making always answers: "Pierre Elliott Trudeau." And the bile mounts until it clouds the prime ministerial brain, until he will do anything to desecrate the Trudeau legacy.

So the Prime Minister of Canada, like his Senate "aide de cant"—and I spell that "c-a-n-t"—propagates three falsehoods: one, that somehow Trudeau misled the people of Quebec by breaking a promise to give them a sort of semi-separatist Meech Lake, instead of the reforms he had always clearly espoused and eventually made into the Constitution of 1982; two, that by patriating the Constitution without the

consent of the Quebec legislature he humiliated the people of Quebec; and, three, that the 1982 Constitution was essentially worthless, had nothing good about it, and that there was no reason for Quebecers to admire Trudeau—three manifestations of the Lilliputian lust to use a web of lies to tie down the giant that is Pierre Elliott Trudeau.

From a common passion to a common tactic is but the beat of a wing. Birds of a feather lie together. By changing official languages. Prime Minister Brian Mulroney and his honourable equerry in the Senate have special messages for their separatist friends in Quebec. The messages are spoken in French and suggest that the wicked anglos, especially Ontario anglos, are harming Quebec.

The Honourable Leader of the Government in the Senate plays this game in the flood of letters he writes in Quebec's French press, twanging all the separatist chords.

In the case of the drug bill, the Prime Minister suggested that those who opposed it were helping Ontario keep Quebec from developing a pharmaceutical industry. During the election campaign it was again wicked Ontario trying to deny Quebec the chance to develop as Ontario had developed, thanks to the automobile industry, the Prime Minister hinted every time he spoke French.

On April 10, in the House of Commons, the Prime Minister was replaying his diatribe about the "notwithstanding" clause making the Trudeau Constitution worthless—in English. In French, he sang the separatist fiction that not getting the separatist Quebec government in 1982 to sign a federalist Constitution had utterly humiliated the people of Quebec. That the people of Quebec were in favour of the 1982 Constitution does not give the Prime Minister pause. Why should he be bothered with facts when these might give the lie to his propaganda? But the facts will not go away. Here they are:

A Sorecom poll published in *The Globe and Mail* on May 5, 1982, after the Trudeau Constitution went into effect earlier that year, showed that only 21 per cent of Quebecers favoured the PQ option, while 70 per cent favoured the new Constitution.

• (2020)

A Gallup poll printed in *La Presse* on June 19, 1982, showed that 49 per cent of Quebecers believed the Trudeau Constitution would be beneficial to them, against 16 per cent who thought it would not.

A Gallup poll printed in *La Presse* on December 15, 1982, asked Quebecers if they thought Canada would break up: 58 per cent of Quebecers thought the country would not break up, as against 23 per cent who thought it would.

What do these facts do to the Péquistes-Mulroney-Murray myth that Mr. Trudeau won the referendum only because he misled the people of Quebec? These facts show that the myth is an utter lie. The people of Quebec supported Mr. Trudeau in the referendum, and they went on supporting him on constitutional issues, even after they saw the detail of the Constitution he had promised and delivered, despite the opposition of the Quebec legislature. The people of Quebec obviously did not

feel humiliated; otherwise they would not have shown their approval of Trudeau's Constitution in the opinion polls I have just quoted. They supported the 1982 Constitution, despite the overwhelming concert of jeremiads orchestrated by the separatist government of Quebec.

Will the Prime Minister and his Senate acolyte follow the example of one of their separatist friends, Mr. Claude Morin, and maintain that the people, the sovereign people of Quebec, were too stupid to understand what was happening, and only the élitist Claude Morins of this world understood?

Why does Mr. Mulroney play this separatist game? Why does he cultivate the lie that Quebecers were duped when Mr. Trudeau changed the Constitution in 1982? Doesn't the Prime Minister realize that, if he continues propagating separatist myths, he may lend them credibility? Must we conclude that his desire to deface the Trudeau legacy is so strong that he does not weigh the national consequences of parroting lies?

The conclusion that the Prime Minister does not weigh the consequences of his statements is given considerable support by his attack on the 1982 Constitution, which he called worthless because of the "notwithstanding" clause.

Doesn't he realize that the "notwithstanding" clause is also part and parcel of the Meech Lake Accord? They talked about it when negotiating Meech Lake.

[Translation]

In fact, honourable senators, the Meech Lake Constitutional Accord would never have been signed without the "notwithstanding" clause.

This is what Mr. Gil Rémillard, a key player in the Meech Lake negotiations, said before the Quebec legislature on June 23, 1987 when he suggested that the Meech Lake Constitutional Accord be ratified:

The use of the "notwithstanding" clause is guaranteed in the Accord we are about to ratify. It is the Premier of Quebec, Mr. Bourassa, who negotiated for hours and hours to get this paragraph which guarantees the use of the "notwithstanding" clause.

[English]

I will translate it into English immediately; I do not want any of you to lose any of this. This is Mr. Rémillard speaking on June 23, 1987, on the Meech Lake Accord:

The use of the "notwithstanding" clause is guaranteed in the Accord we are about to ratify... It is the Prime Minister of Quebec, Mr. Bourassa, who negotiated for hours and hours to have this paragraph, which guarantees to us, therefore, the utilization of the "notwithstanding" clause.

Did Mr. Mulroney not understand what Mr. Bourassa was driving at during these "hours and hours" of negotiations? Did Mr. Mulroney not know that he would not get Meech Lake if he did not allow Mr. Bourassa to keep the "notwithstanding" clause?

It would be pretty shattering to believe our Prime Minister could have been so naive as not to understand what was going

on. The only explanation possible is that Mr. Mulroney was hoping no one would dig up the fact that, to get his Meech Lake Accord, he too had to accept the "notwithstanding" clause. In other words, in 1987 Mr. Mulroney knowingly made the self-same concession Mr. Trudeau made in 1981, a Trudeau concession Mr. Mulroney has called "the mess of the century".

Senator Frith: Well done!

Senator Gigantès: I leave to my honourable colleagues in the Senate the choice of unparliamentary words that most suit the splenetic and nation-damaging diatribe by the Prime Minister against Mr. Trudeau's Constitution.

By the way, honourable senators, we need not have any doubt that Mr. Mulroney will ask the Quebec government to enrobe in obfuscatory "clarifications" Mr. Rémillard's clear 1987 statement about negotiating a place for the "notwithstanding" clause in the Meech Lake Accord: "Do it for the sake of Meech Lake, Robert," Mr. Mulroney will plead, and no doubt Mr. Bourassa will oblige.

For the sake of the country, I would beseech the Leader of the Government in the Senate and his suzerain lord to accept the fact that in the National Political League they are not Wayne Gretzky or Mario Lemieux; they are more like Eddy Shack and Dave Semenko. Let them stop damaging their country with their vain attempts to surpass Trudeau. Someone might surpass him some day, but that someone is not a member of this government. Instead, let them do their best as minor league players. They can do some good, provided they reflectively contemplate the reality of this great land of ours.

In each of our provinces there is a political and bureaucratic elite that resents the authority of the federal government. From our foundation until today these local elites have tried to take unto themselves the power Ottawa exercises. In these endeavours these elites have served or have exploited historical, regional grievances.

The Atlantic provinces remember that they were the rich and more evolved of the colonies that united to form Canada, and they blame central Canada for "usurping" that role. The west is passionately attached to its resources and resents the central Canadian banks and railroads that became rich by financing and transporting these resources.

These resentments have been richly mined by the provincial politicians. It has become the standard and electorally fruitful practice for provincial legislators to blame Ottawa and Ontario for all the country's ills: when not pushed to extremes, this is fair ball, and it keeps Ottawa more responsive to needs that are geographically distant but should be politically proximate.

The case of Quebec is special, because Quebec is special. There, apart from the resentment of not being as economically powerful as Ontario, there are other anxieties: the fear that francophone Quebecers are a small island of French in danger of being submerged by the tidal wave of English; there is also a profound resentment that an outpost of an advanced and imperial French civilization was subjugated by the English.

This is a centuries-old resentment, going back to Jeanne d'Arc and to the Hundred Years' War.

It is a mistake for English conquerors to believe that, because they were humane compared to other conquerors, the conquered will forgive and forget the humiliation of the conquest and its consequences: such as being an underpaid francophone working man having to be evaluated by a unilingual anglophone foreman with an unjustifiable sense of superiority; such as having some anglophone philistine sitting atop the pile of money he made in Quebec and sneering at eminent francophone jurists, scholars or physicians as being good only for procreation, hockey and cooking; such as being told to "speak white". I am of Greek descent, and I know that to this day there are Greeks who have not forgotten such humiliations at the hands of the Turks, who conquered Greece in the 15th century and held it for 400 years.

So there are Quebecers who believe their province could have done better if it had not been exploited by Ontario. That is a pan-Canadian belief. There are Quebecers who go further and believe they could better use the tax revenues of Quebec than does Ottawa. And there are those who feel they are a proud race that must never accept to be the ward of another race. If all of these Quebec streams converge, they may overwhelm another stream which sees the Canadian federation not as a perfect solution but as a sufficiently tolerable alternative to independence, and maybe as a tried companion in resisting the American melting pot.

• (2030)

Canadian politicians have striven to make sure that those Quebecers who tolerate federalism prevail over those who do not. Similar efforts have been made to blunt the various dissatisfactions of Canadian regions other than Quebec.

However, there must be a limit to what powers Ottawa cedes to Quebec or any other province. One such limit is that every Canadian citizen should have the same rights, obligations, opportunities and services, within reason, wherever he or she wishes to live, work or travel in the country; otherwise we cannot talk of being citizens of the same country. This means, among many other things, a Canada Pension Plan that is portable from province to province and medicare services that are portable from province to province. In these days of inevitably increasing labour mobility, being a nation may well demand that all provinces accept common certification and therefore common diploma standards for skills, be they academic or practical. We are less than a country if a citizen cannot acquire a certified skill in one province and have that certification accepted in every other province.

That is why Meech Lake is wrong. It is a big step back from the logic that says there must be recognized national standards, in some things, coast to coast, and not just vague compatibility between a specific federal program and some unspecified provincial initiative, as Meech Lake would have it.

That does not mean that shared-cost federal-provincial programs must be administered by Ottawa. But it should mean that Ottawa's contributions to a province must be conditional

[Senator Gigantès.]

on that province's meeting the national standards. Being one country must also mean that a province should not take federal contributions for post-secondary education and spend those dollars for other purposes, thus disadvantaging the people of that province. Ottawa has the moral right and duty to be concerned about protecting its citizens, wherever they live, from being disadvantaged by provincial misappropriation of federal funds. Yes, honourable senators, I regret the 1977 arrangement that allows provinces to so misappropriate federal funds. It was a Liberal mistake—in a Tory line.

There is, there will always be, a debate between those Quebecers who think that they would be better off outside the Canadian federation and those who would prefer to stay in. If the separatists manage to make enough converts, Quebec will leave, as it has the perfect right to do. And the rest of Canada is too civilized ever to use force in coercing Quebec to stay.

Quebecers cannot be bought with concessions to stay in Canada, if they decide to leave. To try would be like buying presents for a spouse who has decided that a divorce is the least bad alternative to an unacceptable marriage.

The best thing is to recognize this right Quebecers have: to leave if they want to; that they will make the decision themselves as to whether the limits imposed on independent Quebec action by Canadian nationhood are made worthwhile by the advantages of that nationhood.

There are limits to what roles the rest of Canada can play in this essentially Quebecois debate. Therefore, the rest of Canada should relax, and not engage in the odious games the Prime Minister plays of trying to mine this chronic family crisis for his electoral gain.

Quebecers cannot be bought, and they are not stupid; if they are fooled, they realize it quickly. They know when they are being offered a mess of potage. That is why Meech Lake can die without disturbing the people of Quebec for long.

Now, the people of Quebec know that Meech Lake gave them nothing they did not have under the Trudeau Constitution of 1982. Quebecers know they are a distinct society. This is a self-evident truth that is not made any more true by an official label grudgingly granted by western premiers more concerned about their redneck minorities than about their francophone minorities. Who needs such pharisaical concessions? The Quebecers certainly don't.

Senator Roblin: Come, come!

Senator Gigantès: Moreover, Quebecers have just been treated to a demonstration that the "notwithstanding" clause of the 1982 Constitution gives them unchallengeable power to protect French through legislation. The "notwithstanding" clause is immune to judicial interpretation; not so the "distinct society" clause of the Meech Lake Accord, the real potential effectiveness of which will depend on judicial interpretation.

I share the opinion of the Supreme Court that the protection of the French language did not require the banning of English signs in Quebec. I regret, therefore, the use by the Quebec government of the "notwithstanding" clause. But let not our Prime Minister and our premiers be hypocrites. As we have

seen from the quotations I gave above from Mr. Rémillard's speech, the Prime Minister and the premiers knew, when negotiating at Meech Lake, that Quebec wanted to guarantee its right to use the "notwithstanding" clause to defend language legislation. It does not serve national unity for the first ministers to pretend otherwise.

The suspension of rights with the "notwithstanding" clause is a stepping stone in the passage from the absolute supremacy of legislatures over rights to the shielding of these rights by the Constitution. It is unfortunate, but it would have been unrealistic to expect that legislators would never use a residue of power left to them in the 1982 Constitution, a residue knowingly confirmed by the Meech Lake Accord.

As for the diminution in the Meech Lake Accord of the federal government power to launch new federal-provincial social programs, there is no evidence that the majority of Quebecers approve of such diminution. They may want to administer such programs within their province, and they are capable of doing it well; but they surely do not want to foreclose social progress and to accept as national standards the lust of the Quebec Chamber of Commerce to privatize medicare. In any case, Quebecers know that, if they want to block new social programs, all they need do is elect Tories. Why, then, would Quebecers need Meech Lake?

And Quebecers are not stupid. They realize that Meech Lake makes constitutional reform harder because of an inflexible amending formula. Quebecers realize that constitutions need change as technology and economies change.

So what of the government's two main themes? On free trade, we face at least four years of having the fate of our economy bargained away by people with the mentality of a branch plant manager. On national reconciliation, we have witnessed a deal among politicians, some sleazy, some naively overwhelmed by the Mulroney propaganda that the people of Quebec had been grievously humiliated in 1982 and that redress was due. But this Mulroney attempt to top Trudeau has failed, as you will see.

We do not need these petty games. We need firm national wisdom and statesmen to apply it. Alas, we have no hope for the next four years. But Canada is fine. It is a grand, decent country that has risen in the past above games small people play. And Canada will rise again.

[Translation]

Hon. Jean-Maurice Simard: Honourable senators, I am pleased to convey to you the great satisfaction I feel on seeing that some of our key colleagues are still here for this second session of the 34th Parliament.

Senator Charbonneau, always calm and steady, will preside over our debates that are sometimes stormy but always instructive with his usual fairness and laudable equanimity. His judicious silence attests to an enviable penetrating mind.

As for Senator Murray, we know that we can count on him to continue with angelic patience to give the same thorough, marvelously clear answers to questions of doubtful motivation.

Senator MacEachen will also be there to remind us that the Government is not composed of all-knowing people, any more than the Governments of which he was a part and that the present Government is still correcting the mistakes and cleaning up the mess left by the long years of confrontation with the provinces and our main trading partner and neighbour, the United States, of which the Canadian taxpayers are still feeling the aftereffects.

As for Senator Gigantès, I think that it is quite clear that he will continue to relieve the past. Continue to set himself up as the chief and ardent defender of former Prime Minister Trudeau. Good for him.

He was just accusing Prime Minister Mulroney of lending a hand and in a way supporting Quebec separatists.

He seems to believe that all Quebecers think the same way as Senator Gigantès and that some are stuck in the past like him. Nevertheless, in this morning's *La Presse* and in other newspapers that I was able to read, it is quite obvious that the past weekend's exercise at Montebello did not show great unanimity, to say the least. It seems interesting to me in a way—and it is refreshing—that within the federal Liberal Party, there is a desire to question past policies and to see what the objectives and approach should be in the coming years.

On one side there were Don Johnston and a few others who would like to convince us just as Senator Gigantès has done or probably will continue to do so at every opportunity. They keep condemning the Meech Lake Accord as the product of certain machinations, supported only by a few Conservatives, including Mr. Mulroney.

Mr. Johnston tells us that Meech Lake violates all the fundamental principles of liberalism.

On the other hand, Serge Joyal, a former minister, made an ardent plea for the position of the caucus on Meech Lake and on the legitimacy of the aspirations of Québecers. I quote from *La Presse*:

If Meech Lake, he said, were to fall apart, it was obvious that Canada's constitutional landscape would be frozen for many years.

And still from this morning's *La Presse*, which reports that Mr. Joyal said:

...even if we have the most progressive action programs ever, if the Party is unable to become the same vehicle for the aspirations of the majority of the citizens of Quebec it was in the past, it will be practically impossible for the Party to form a majority government in the next few years in which both language communities are satisfactorily represented. The former minister went so far as to say that Liberal opposition to Meech Lake "is a mistake as damaging as the hanging of Louis Riel".

I listened with great interest to what Senator Gigantès had to say. I realized that what was said by Serge Joyal and others would not change his mind. That is not my problem. That is the Liberal Party's problem.

However, I would like to get back to the Speech from the Throne.

Today, I would like to talk about three subjects which I think are very important to us Acadians: the state of the country's economy, regional development and the French fact in Canada.

As far as the economy is concerned, one does not need a degree in economics to realize many problems remain unsolved. The national debt is dangerously high; our budget deficit remains at unacceptable levels; and we still have able people who are unemployed, frustrated and discouraged.

Granted, our revenues increased considerably. During the last few years, our economic performance has been superior to that of practically every major industrialized nation. The annual deficit has been reduced by \$10 billion since 1984. The unemployment rate has gone down dramatically.

However, our deficits must continue to go down, and the national debt as well, otherwise the consequences for our future will be disastrous. The federal government spent \$29 billion in 1987-88 just to pay the annual interest on our debt, which totals \$322 billion. Those \$29 billion represent twice what we spend on economic and regional development; more than twice what we spend on our senior citizens and 15 times the amount spent on re-training and job creation.

Honorable Senators, as long as we allow this debt to increase, we reduce our ability to pay for the social programs we have and want to improve. We limit our ability to help those who are destitute, who suffer and who need our assistance.

Our latest budget deficit was almost equal to the annual debt charge. This means that if certain previous governments had not decided to live beyond this country's means, we would not have the problems we have today in balancing the Budget. Did governments in the 70s try to do too much?

Of course I am not accusing the federal Liberal Government alone. The provinces and the provincial governments of which I was a member probably made the same mistakes. However, I think the question should be asked, both with respect to the economy and to our constitutional efforts. I think we should keep asking questions and try to support any initiative taken by any government whether it is red, blue, provincial or federal, and I urge you to join me.

So the question is whether governments should be less interventionist economically speaking, whether they should eliminate certain services that are not or no longer usual and further privatize Crown property and Crown corporations.

I think all this needs serious consideration.

In the 70's, serious budget deficits became the rule. The present Leader of the federal Liberal Party, Minister of Finance at the time, got the ball rolling. His deficit of \$1.5 billion in 1971-72 had swelled to \$30 billion when our finances came under the "able" leadership of the present illustrious Leader of the Opposition in the Senate.

[Senator Simard.]

I think it is this irresponsibility that has put us where we are today federally with an enormous debt and crushing interest burden. But this whole mess is quite out of character for our country. The idea of throwing caution to the wind, of borrowing massively for nearly a decade to finance expenditures that very often were not required, this completely irresponsible behaviour had no historical precedent.

So within a generation, from 1973 to 1984, our country became one of the industrialized nations with the weakest tax systems. Some will say that it is shocking and that we should try to punish the guilty. I agree with the Government that we do not have time to punish the guilty. We must above all put the economy on the right track. It is urgent to live within our means.

This is a political challenge. The Government has a responsibility which it has shown itself ready to shoulder: protect our financial integrity by taxing appropriately and controlling expenditures. Canadians have understood this requirement. The last election campaign is proof. They have realized that we can no longer afford to spend money we do not have. They have understood that if we want to maintain our economic prosperity, if we want our taxes to buy services instead of merely paying interest on the debt, we as Canadians must further restrict federal expenditures and agree to make sacrifices.

The fiscal belt-tightening measures taken by the Government since 1984 are among the toughest we have seen in decades. Despite that, the debt increased from \$190 billion to \$322 billion. This shows that even stricter measures are needed. I think that we have no choice: it is either that or a whopping fiscal crisis.

So the Government is planning to maintain its laudable efforts to reduce the deficit in order to bring down inflation and interest rates. I think this initiative deserves our full support.

I am also proud to see that our federal sales tax regime is to be improved. The present system is inefficient, unfair and costs us jobs. It would be desirable to replace it with a fairer tax that would make our economy fully competitive and provide a reliable source of revenue to finance our social programs.

I am also proud to see that we plan to put our economic house in order. But I am even prouder to see what we plan to help the taxpayer more directly, the citizen for whom this whole government structure exists.

It is typical of this Government that while having the courage to make the necessary administrative decisions, it still has the heart to help those who really need it. Although it is interested in privatizing Crown corporations that no longer need to be state-controlled, it does not lose sight of the individual, the taxpayer, the average citizen.

For the Mulroney Government, the most important economic initiative is no doubt the development of our fellow citizens skills. In order to emphasize that resource's priority, the Government is announcing an overall strategy for developing

human resources in preparation for a new era, unescapable changes in the way we will do things.

Therefore, there will be literacy, education, training and re-training programs. There will also be changes in the Unemployment Insurance Program. The Minister announced the contents last week.

The goal is quite simple: A more efficient, fairer system under which it is proposed to direct more resources to active training in order to help people find better jobs.

Already, the Opposition has opposed those programs, suggesting this is too early, it is too hard, it is not what the Forget Commission recommended. As if we were under some obligation to accept the Forget Report! Perhaps there will be an opportunity to return to this, but I would urge Honourable Senators to pay less attention to certain pressure groups and perhaps better appreciate the common good of average citizens in New Brunswick, Ontario or elsewhere.

So it boils down to this: a more efficient system because this Government would rather see our people at work than idle. We believe it is more rewarding to an individual if he or she can work, contribute something to society, than live off unemployment insurance or social welfare.

Thanks to steps like these we will be in a position to build a healthier, more competitive economy that will create the jobs and prosperity needed to maintain our quality of life.

But although the Mulroney Government had the courage to make difficult economic decisions, although he was called "hard nosed", when the chips are down this is in my view a caring, generous administration.

This Government can be proud that during its four years in power, it succeeded in making Canadians regain confidence, pride, a conviction they will succeed.

From extreme paternalism we have come to respect for the individual. From the Welfare State, I suggest we are coming to a kind of State that assumes its citizens are capable of making it on their own.

[English]

We Conservatives are not cold and unfeeling, and we will not allow ourselves to be characterized as such. We are very realistic when it comes to hard economic facts, and we have every intention of bringing the economy of this country under control. It is simply not true, as some bleeding-heart Liberals would have it, that Conservatives do not care about people.

Senator Frith: Including independent Conservatives; is that right?

Senator Simard: Yes, along with every good-thinking, balanced individual in Canada, I would hope.

Senator Frith: That is a contradiction in terms when used in reference to Conservatives!

Senator Simard: However, if the honourable senator cares to check the latest seating arrangement, he will see that I am back in the fold, and was as of September. I thought perhaps he should know that.

Honourable senators, Conservatives do care, whether they are independent Conservatives or not. Increasing numbers of Liberals know that Conservatives care, and that we care far more than those who would cause the disadvantaged to become dependent upon welfare, and confine the allocation of prosperity to the state. This government believes in a safety net, but it also believes that the best welfare system is more job creation, and that the best way to prosperity is through incentive.

[Translation]

Honourable Senators, it is not because the government is not concerned about the quality of life and certain values such as tolerance and justice, that it has opted for deficit reduction. Quite the contrary. We have decided to focus our attention on the economy because only a healthy economy will allow us to maintain quality social programs to help families, our senior citizens, and especially our low-income people.

I heard recently in the House of Commons and on television some people who, contrary to Michel Robert, National President of the Liberal Party, would like to alarm all Canadians. The Mulroney Conservative Government would apparently be looking into certain aspects of the so-called "program universality".

I urge people to think also with Michel Robert who announced over the weekend in Montebello that the time might have come to review this universality in such social programs as family allowances, old age pensions and medicare. I urge also all Liberal senators who, according to an announcement made last week, are about to hold a caucus within the next few days to decide what treatment they will reserve to the legislation introduced by Minister McDougall.

Apparently, the Liberal senators seemed determined to defend at any cost the universality principle. We will watch what the Liberal Party will decide, together with all Canadians generally and all Quebecers in particular. I dare hope that the Liberal Party which forms the majority Opposition in the Senate as well as those in the House of Commons will want to share with Quebecers their new vision of our country.

Honourable senators, I for one is in favour of the government being more efficient. Just the same, I do not believe that a Government should behave like a private enterprise. I think that enough people within the Cabinet and the Caucus generally share this view.

The Government should not be concerned only about the need to be cost-efficient. It should have a wider and more balanced outlook. I think that, to a certain extent, we have had such a Government since 1984 and apparently we are going to continue to have. Sitting as an Independent Conservative Progressive or simply as a Conservative progressive, I wish to congratulate the Government, just as I would have blamed them if they had sacrificed compassion to the simple need of balancing the budget. Let Senator Frith be reassured!

Honourable senators, the Speech from the Throne mentions the struggle against family violence and child abuse, the struggle against drug abuse, the need to encourage research

into AIDS, aging, as well as the review the Young Offenders Act. I see these commitments as a sign of a humanitarian government, sensitive to the values which Canadians hold dear today.

The government has naturally emphasized its concern for the welfare of individuals, so that now it extends to disadvantaged areas.

But as far as we are concerned, we don't want useless programs, stifling bureaucracy, and projects dreamt up by Ontario officials. I think this Government is consistent. It simply tries to promote the most promising elements. It tries to promote entrepreneurship. It wants solutions to come from the grassroots.

These principles have been successful during the last four years in the Maritimes, and I am delighted to see that this approach will be continued. Transferring the decision-making centres to the regions and providing continuing support to development agencies in the region is an expression of trust and respect to which people are proud to respond.

However, I believe we must be realistic when we talk about regional development. There are pseudo-intellectuals, academics who have never risked a cent, and journalists who only want to sell headlines, who want to see guarantees of regional economic equality in this country. I don't think that is very realistic. I think, and this was more or less the purpose of my speech this evening, that we must stimulate regional development but not in a uniform matter across the board, with the decisions, as I said earlier, being made by Ontario. I think that is what led to the mistakes that were made in the past. Those who tried to achieve this equality by artificial and imposed means, by strong government intervention, failed dismally, while the brunt of their failures was too often borne by the Maritimes.

I am one of those who believe that we cannot give people resources. People must discover their own resources. Proceeding the other way around only leads to a grotesque distortion of the elementary laws of economics.

In the Maritimes, it is unrealistic to subsidize redundant industries to solve the problems of disadvantaged regions. This merely frustrates the people who pay the bill and humiliates those who are supposed to benefit.

In fact, what we in the Maritimes want, what the people want, is help in finding new ways to make a living and thus participate in Canada's economic development, on our own terms. Our people don't want bandaid solutions anymore than the next version. We want to start new industries and enterprises that will be able to meet our employment needs and that will take advantage of the excellent opportunities we have now in this new era of free trade with the United States and with the whole world.

In the fisheries industry, which is very important to Acadians, a number of problems remain to be solved. The *Association des pêcheurs professionnels acadiens* recently suggested a strategy for dealing with the problem of shared jurisdiction in this area. Part of the strategy was that any changes in jurisdic-

[Senator Simard.]

tion with respect to fisheries would require unanimous consent. These Acadian fishermen realize, however, that we will have to define the role and responsibility of both levels of government in this area.

I feel it is encouraging that the federal government has undertaken to intensify its efforts to end overfishing outside the 200-mile economic zone, and I think our other fisheries disputes will also be resolved satisfactorily.

In this connection, I would ask the Leader of the Opposition in the Senate to concentrate on the long-term benefits for the country instead of trying to score some partisan points during the current provincial election campaign in Newfoundland, as he and his colleagues in the other place at the beginning of this parliamentary session.

We will also have to concentrate on transport. What is the use of establishing industries if their future is doomed because they are practically unable to get their goods to market at competitive prices?

My point is that federal aid should be used intelligently, not simply turned on during an election campaign. In this respect, I think the present government is to be commended. From the beginning of its first mandate, this government wanted to examine the situation and let local people consult with entrepreneurs, officials and all parties concerned to find the best way to prepare the Maritimes for playing the economic role they have been waiting for. This is in strange contrast to the usual flood of grants and projects announced the day before an election and to the financing of renovation work on church basements, parish halls, and so forth. I know that every province and every township in the past ten years has witnessed this kind of wasteful spending. I think federal aid should be used carefully and to good purpose. It is a good thing that the richer provinces are willing to help the provinces whose economies are not as strong.

That is one of the reasons which had prompted New Brunswick to sign the agreement in 1981. Well, the agreement was negotiated in 1981 but signed in 1982. Perhaps I will say so in a few minutes, it may not have been the perfect agreement but it enabled us to enshrine what New Brunswick had been trying to secure for a long time, namely equalization, the principle under which well-off provinces give assistance to those provinces that are not so well-off. But such assistance must be directed towards the industries of the future. And the decisions as to what kind of business will get help will have to continue to be made by the people most likely to receive assistance, namely businessmen and future employees.

I am glad that the government is still committed to finance the Atlantic Canada Opportunities Agency to which I referred a few minutes earlier. I am glad as well that the government purchasing policies will give better consideration to the particular situation of the Maritime Provinces.

Here again the government continues to show that it is fully aware of the claims of Atlantic residents, with the result that the people back home feel that they are more listened to, more

respected and more supported than they have been for a number of years.

I believe that to be the major explanation for the fact that everything is not perfect, that everything is not as rosy as some of us may have claimed during the election campaign. But neither is everything as bad and as dark as our colleagues opposite would have us believe. Indeed that would be the main explanation for the hard measures which have been taken over the past four years. We had to tolerate certain delays in setting up the new structures, the approval system, and so on. The point I want to make is that when the New Brunswick Minister of Finance recently made public his economic forecast for 1989 he referred specifically to the rising employment rate. It will continue to be higher than the labour growth factor. He expects the unemployment rate to reach 11.6 per cent, a declining trend for the fourth year in a row since the record level of 15.1 per cent set in 1985.

I will now deal with the issue of national unity. And you can be sure that I will speak to you from the bottom of my heart as an Acadian and a French Canadian.

And the first thing I want to tell you is that we, Acadians, favor the idea of one Constitution for all Canadians.

Like the Federal Government, we believe that ratifying the Meech Lake Accord is essential to Canada's continuing constitutional evolution.

The whole French-speaking community in New Brunswick is unanimous; 44 groups appeared at the public hearings a few months ago to attest to that unanimity. It is not the first time but it has not happened very often in the history of New Brunswick that Acadian groups show such unity. A document of the Société des Acadiens et Acadiennes du Nouveau Brunswick dated March 1989 says, and I quote:

... to recognize the advisability to bring Quebec back into the Canadian Constitution. We have noticed that it is the French language which is threatened in this country and that the integration of Quebec into Canada is not only good for national unity but also essential to maintain and strengthen the Canadian French-speaking community. We also said that Quebec's distinct society is a historic and social reality that must be recognized.

It must be said that without Quebec the French Canadian culture would disappear. Without the solidarity of six million Quebecers concerned with having our rights respected, it is assimilation that awaits us, Francophones living in the other provinces.

As Acadians are trying, through Bill 88 that provincial legislation passed some 10 years ago in New Brunswick, to establish the equality of both official language communities in New Brunswick, we would like to see the Lake Meech Accord ratified so we could proceed to other issues such as Senate reform, women's equality, fishing problems, etc.

By supporting that initiative, Premier McKenna would follow in the footsteps of two of his predecessors, Senator Louis Robichaud and Mr. Richard Hatfield, who defended in a moving and remarkable way our community's demands.

Despite what Premier McKenna said in Montreal on the weekend, I have doubts and concerns regarding his commitment to that aspect of Bill 88 and the demands of New Brunswick Francophones. And I am going to tell you why: I ask myself serious questions when the coordinator of language policy in New Brunswick submits, at the public hearings I mentioned earlier, a paper in English only saying that we must reject the Accord because we cannot build a nation on a linguistic duality. I can table that document if you want me to.

I wonder where this Mr. Vincent has been hiding all these years. How does he think this country was built? Where does he think this Canada of ours comes from? Who built it? Who shaped it? Two founding peoples, two cultural entities, most importantly two linguistic groups.

We have built it together and, whether French-speaking or English-speaking, we love it just the same. And it hurts to be told that a country cannot be built on linguistic duality. To say such a thing is insulting to Francophones and it is out of touch with reality.

Mr. Vincent will tell us that he appeared at the public hearings on the Meech Lake Accord in a private capacity and that that was his democratic right as a Canadian.

But Mr. Vincent is not an ordinary Canadian. He holds a strategic position which demands caution if not silence in this case. I think Mr. McKenna owes Acadians an explanation if not an apology.

The Meech Lake Accord offers us a tremendous opportunity. This exercise could be decisive for the Acadian people. The present constitutional context is the ideal time to entrench our collective rights in the Constitution. That is what is at stake with Bill 88: the collective rights which the Acadian people have been denied by history.

The entrenchment of our Bill 88 would offer the Acadian people linguistic protection in the management and the homogeneity of the education system, in the area of health and in the promotion of cultural identity.

This Bill would fill a void created by Section 2 of the Accord and would recognize Acadia as a distinct community with equal status, rights and privileges.

For many Acadians and for me, it would be unthinkable that Bill 88 be enshrined if the Meech Lake agreement is not ratified. If Quebec is not brought back into the Constitution, the Canadian francophonie will be in danger. The need to integrate Quebec into Canada is not only a warranty of national unity, it is necessary for the preservation of our language and our culture.

The distinct society of Quebec is a historical as well as a sociological reality and it must be recognized that we, Acadians, also constitute a distinct society. That recognition is an important element in the development of the historical and political reality of our community.

I have said, and others did before me, that the Meech Lake constitutional agreement is no more perfect than the 1982 Constitutional Act. But it represents a tremendous improve-

ment. It is another stage in a process that should lead eventually to a constitution that all people consider acceptable.

I am one of those who believe that we can no longer leave Quebec on the sidelines. Let us sign the agreement and amend it later. That will be the next stage.

Besides, Mr. McKenna, a long-time political observer, must remember how difficult it was for the First Ministers to come to an agreement in 1981 and 1987. They all agreed both steps were necessary in the long constitutional process. Mr. McKenna is offered today a wonderful opportunity to exercise the leadership expected of him as Richard Hatfield did when he approved Prime Minister Trudeau's constitutional initiative in 1981 even though it was enormously risky from a political point of view.

When that exercise is over, there will still be plenty of matters for negotiation and consultation before coming to an agreement. But it will be done then in the full respect for others, with the active participation of Quebecers and without the risk that everything that has always held us together would collapse.

Acadian organizations were also criticized for having put too much emphasis on the entrenchment of both New Brunswick communities in the Constitution, hence diminishing the importance of other concerns raised by the Accord. These organizations unanimously responded by saying:

... as long as the fundamental issue of language in New Brunswick will not have been resolved, it will be difficult to fully participate in any debate on other elements of the Accord.

Honourable senators, whatever its opponents might say, the Meech Lake Accord does represent a compromise, and not only a concession made by the Quebec government. We think that all Canadians will benefit from it. For us, the right-thinking conservative Canadians, this new compromise solution, this new willingness to quietly put an end to the differences which are now separating us, this moderating behaviour represent the contribution of the Mulroney government to the Canadian people.

● (2120)

[English]

Fellow senators and dear colleagues, yes, I am a proud Acadian and I am a proud Canadian. I have nothing but respect for the other official language. Therein lies the answer to those emotional questions which divide us today. Respect that is genuine must generate friendship and affection. When that happens, whose language is spoken and whose language appears on signs are matters that take their proper place—that is, they will pale into insignificance.

[Translation]

The legislative program articulated in the Speech from the Throne is a good one. It deserves our support. However, I do not expect Senator MacEachen and his skilful colleague Senator Gigantès to change their minds. They are too concerned with justifying the Liberal record to agree even for a moment that Canadians may have been right in entrusting the govern-

[Senator Simard.]

ment of the country in 1984 and 1988 to a team that had a new vision of Canada, even if it was different from their party's.

Senator Murray, who was then working in New Brunswick and for several years followed New Brunswick politics and even contributed very positively to the Government of New Brunswick, will remember. It would not be the first time that I have seen a defeated Liberal Party continuing to call into question the voters' judgement and to believe that it alone is fit to govern a country or a province.

Indeed, the provincial Liberals acted the same way from 1970 to 1987 in New Brunswick. That did not prevent the Hatfield team from making the necessary courageous decisions to repair the damage left behind and earn the confidence of a majority and especially the trust of the Liberal Party's traditional clientele, the French-speaking electorate.

But I shall console myself, honourable senators, by saying that our parliamentary system requires an opposition and that the opposition has to decide what role it wants to play. For the last four years of the Mulroney Government, since 1984, the Opposition has nit-picked and found fault with everything. They have gone on a witch hunt on the slightest pretext.

But in spite of all that, the Canadian people, satisfied with the quality of government provided them in the past four years, renewed Prime Minister Mulroney's lease.

It is the same Government that again presents to us in the Speech from the Throne a program and an agenda which show great understanding and high devotion to the national interest.

The Government shows courage, vision, perspicacity and leadership. Its plan for our country's future deserves our full support. That is what I ask of you today, honourable senators. Thank you.

[English]

Hon. Charles McElman: Honourable senators, may I pose a question to the Honourable Senator Simard?

Senator Simard: By all means.

Senator McElman: I understood you to say that Bill 88 could not be incorporated into the Constitution unless Meech were first approved. Could you explain fully what you mean there? It would be my understanding that, if the federal and provincial governments both agreed, that amendment could be made.

Senator Simard: The reason I said that was that, having watched and listened to Premier McKenna, I now feel that he would not want to be seen as doing anything piecemeal or to be seen to be catering to the Acadians. When it comes to a constitutional matter, he would not want to be seen by anglos and francos in New Brunswick, or by other Canadians, I suppose, as not dealing with the other preoccupations that, according to Mr. McKenna, are raised in the Meech Lake Accord, such as fisheries and so on. I have no problem with that. It was encouraging, though, to hear him last week, when being more precise than he had ever been he said that, yes,

when Meech Lake was done, the other concerns could be dealt with almost simultaneously.

I have to thank Senator Murray and people at the federal level, who are already on record as saying that, if requested by the provincial governments and their legislatures, they would agree to grant this request if it came along. However, it is my feeling that Premier McKenna would want to address as many things as possible. If it looked as if we were to miss the boat because New Brunswick, and possibly other provinces, had decided not to accept Meech Lake, it is my feeling that Mr. McKenna would not go ahead with those other concerns—and there may not be a time for years to come that the country and the provinces will be zeroing in and looking at constitutional reform.

For seven months there was a good feeling—with a few exceptions—and I think that is still the case now. I think there is a real desire on the part of Canadians to take this second step, or to agree to this second round, and if that leads to a third round, then the other issues will be addressed. It was on that basis that I said that I did not think that we could have the entrenchment of Bill 88, this provincial legislation, unless Meech Lake passed.

Senator McElman: Yes. I wanted to get that clear. As I understand it, then, you are saying that there is no constitutional impediment to the Province of Quebec and the Government of Canada agreeing on achieving that, if, as some people suggest, with some fine-tuning, the principle of Bill 88 can be incorporated into the Constitution. That is the correct interpretation of what you had to say?

Senator Simard: Yes.

Senator McElman: I have one further question.

Senator Simard: However, the request would have to come from the Province of New Brunswick.

Senator McElman: Yes, of course.

Senator Simard: The federal government is on record as saying it will agree.

Senator McElman: I have a second question. Earlier in your remarks, Senator Simard, you spoke with some harshness about some governments that had built up deficits and increased the public debt and the carrying charges, and so on, but I noticed that you had a more sympathetic feeling towards governments that, during the 1970s at the provincial level, did the same thing. The harshness was not in your tone.

Senator Simard: Yes.

● (2130)

Senator McElman: Could that be because during that period the honourable senator was the Minister of Finance in New Brunswick, when the budgetary deficits climbed immensely and the public debt of New Brunswick climbed immensely, and, quite by accident, the Honourable the Leader of the Government was the Deputy Minister to the premier at the same time? Would that have a bearing?

Senator Frith: Just a coincidence!

Senator Perrault: An incredible coincidence!

Senator Simard: I think the record will show that I said I was not going to put all of the blame on a particular federal government, whether that federal government was a Liberal government or not. In fact, I purposely left my text to make sure questions like those just raised could not be raised too often, anyway.

I said that perhaps the provincial government was guilty, and I included myself in that. As a matter of fact, I happen to be one of the very few finance ministers of New Brunswick to have balanced the books, and that was from 1971 to 1975. After that there were other problems. Perhaps we had good times—and that was after we had removed a whole array of taxes, if you will allow me to say so.

Senator Murray: And had brought in medicare.

Senator Simard: Yes, and had brought in medicare. I am sure Senator McElman does not want to spend too much time on that.

Senator McElman: I am glad I raised the question.

Senator Simard: I want to be fair. Perhaps that was the way of life then—a “come and get it” approach. I suppose we were as responsible for that as other governments were.

Then I came back to the federal scene, and we can only deal with the last 15 years, and they happen to be Liberal-government years. For most of those years Senator McElman was the head cashier.

Senator McElman: Let me say that I like Senator Simard's explanations and modifications better than his earlier comments.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, APRIL 18, 1989

NATIONAL DEFENCE (Special)

356-S 11:00 a.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

Discussion of future business of the Committee

TUESDAY, APRIL 18, 1989 (Cont.)

*Agreement Implementation Act as well as any other
related trade developments*

TOPIC:

The Free Trade Agreement — Where to from here?

THURSDAY, APRIL 20, 1989

FOREIGN AFFAIRS

256-S When the Senate rises

*To monitor the implementation and application in both
countries of the Canada-United States Free Trade*

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, April 18, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

DISTINGUISHED VISITOR IN GALLERY

PRESIDENT OF CANADIAN BAR ASSOCIATION

Hon. Jean Bazin: I should like to draw to the attention of honourable senators the presence in the gallery of the president of the Canadian Bar Association, Mr. Pat Peacock, Q.C., of Calgary, Alberta.

Mr. Peacock is with us today as part of the celebrations associated with Law Day. Law Day, commemorated nationally on the anniversary of our Charter, is sponsored by the Canadian Bar Association and is aimed at providing the general public with an increased awareness of our legal system and how it works. The theme for this year is "Access to Justice".

[Translation]

In recognition of the work accomplished by the Canadian Bar Association to promote legal training and education throughout Canada, I want to point out that the CBA, which represents jurists at the national level, joined with the Department of Justice, the Law Reform Commission of Canada and with provincial legislatures to help the public get acquainted with our judicial system and our legal institutions.

[English]

Across the country thousands of lawyers and notaries are going out into the communities they serve to demystify the law and inform their fellow citizens about their constitutional rights. Canadians from all walks of life coast to coast will be learning about how the law works and how it should work for them.

[Translation]

In numerous cities, there will be information stands, law courts tours, student-tribunals as well as other public activities aimed at helping Canadians learn more about law.

[English]

I would ask honourable senators to please join me in acknowledging the presence of Mr. Peacock and the work done by the Canadian Bar Association regarding National Law Day, 1989.

Hon. Senators: Hear, hear.

THE LATE MARK GORDON

TRIBUTES

Hon. Lorna Marsden: Honourable senators, I am sure all of you will have seen recently the notice of death of Mr. Mark

Gordon. Mr. Gordon, who appeared before the Committee of the Whole on the Meech Lake Accord on December 16, 1987, was a young Inuit lawyer and was also president of Makivik Corporation. He was a most effective speaker, both on the Constitution and on behalf of his people, and told us with great eloquence how the constitutional process was affecting the native people in this country.

Mr. Gordon said, and I am quoting from his testimony of that day, "We are left in what I would call a legal twilight zone when it deals with some of the basic legal rights of individuals within our society." He went on to describe the problems in family law, in property law, in criminal law and in the constitutional process.

His death leaves a great gap in our country and in our society and has been a cause of great grief for his family, his friends, and for his cousin, Senator Watt; but for those of us who did not know him personally, and therefore do not grieve with his family and friends in that sense, although we knew the role he was playing in the ongoing development of the Constitution of our country, it leaves just as great a gap, perhaps one that in many ways cannot be filled.

I think all members of the Senate will join me in extending to the members of his family and his community our sense of great loss and sorrow on his passing.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTH REPORT

Your Committee recommends that the amounts for discretionary and non-discretionary research expenditures, as specified in the *Guidelines for Senators' Research Expenditures*, adopted by the Senate on Tuesday, May 3, 1988, be increased as follows:

1. Up to \$15,000 which may be allocated at the Senators' discretion.
2. Up to \$35,000 which may be allocated upon application to the Ad Hoc Committee.

Your Committee informs the Senate that the Ad Hoc Committee will make a review of the *Guidelines* in the near future.

Respectfully submitted,

ROMÉO LEBLANC

Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Roméo LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be taken into consideration later this day. In fact, I should tell honourable senators that, for their comprehension and discussion of the Estimates, we felt that this item should be joined, examined and approved, or not approved, all at the same time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report placed on the Orders of the Day for consideration later this day.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—NOTICE OF INQUIRY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I give notice that on Tuesday, May 2, 1989, I will call the attention of the Senate to the Budget Statement of the Minister of Finance.

POVERTY

ASPECTS OF PROBLEM—NOTICE OF INQUIRY

Hon. David A. Croll: Honourable senators, I give notice that on Wednesday, April 26, 1989, I will call the attention of the Senate to the problems of welfare and poverty, under the headings: (a) Women in Poverty; (b) Children in Poverty; (c) Minimum-Wage Poverty; and (d) Food Banks.

NATIONAL SECURITY

BUS HIJACKING—NOTICE OF INQUIRY

Hon. William M. Kelly: Honourable senators, I give notice that on Wednesday next, April 19, 1989, I will call the attention of the Senate to the hijacking incident that occurred in Ottawa on Friday, April 7, 1989.

PAROLE AND CORRECTIONS

NOTICE OF MOTION FOR TABLING OF DETENTION PROVISIONS EVALUATION REPORT

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, April 20, 1989, I will move:

That there be laid before this House copy of the Evaluation Report of Detention Provisions contained in Bill C-67, to amend the Parole Act and the Penitentiary Act of 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September of 1987.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE—DEBATE AJOURNED

Hon. John B. Stewart: Honourable senators, with leave of Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four-thirty o'clock in the afternoon on Tuesdays for the balance of the present session even though the Senate may then be sitting, and that Rule 76 (4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Hon. Charles McElman: Honourable senators, could we have an explanation of this motion? It has not been the practice of the Senate to give blanket authority for the duration of an entire session. It is a most unusual approach and I hope there is some acceptable explanation for it.

Senator Stewart: Honourable senators, I understand that the time at which this committee met in previous sessions was 4 o'clock in the afternoon on Tuesdays. Representatives of both parties in the Senate thought that if the time of the committee meeting were set back to 4.30 the occasions of overlaps between the work of the Senate chamber and the work of the Foreign Affairs Committee would be very rare, so that little would be lost if the Senate gave this permission to the end that the Foreign Affairs Committee could plan its work in an orderly way.

As honourable senators are aware, the Senate has been given the important task of monitoring the implementation of the Free Trade Agreement. That task has been referred to the Foreign Affairs Committee. We expect to do a great deal of work. We expect that witnesses will be coming from outside Ottawa—indeed, perhaps from outside the country. In these circumstances it would be most helpful if honourable senators could see their way clear to facilitate the work of the committee by granting it permission to meet regularly at 4.30 on Tuesday afternoons.

Senator McElman: Honourable senators, I regret that I am not able to agree at once with my honourable colleague. I simply draw to the attention of honourable senators that the work of this chamber has to have precedence at all times over the work of the committees. The chairman of the committee has just now told us that the occasions on which this request would have to be made of the Senate would be rare. It seems to me that we would be establishing a bad precedent in giving

to any committee blanket authority by which it could get round a rule—and a good rule—for a full session.

I hesitate to do it, but I recommend that this motion not be accepted and that on those few occasions to which the chairman has referred he does what has always been done in the past—that is, that he ask, on behalf of the committee, for permission to meet while the Senate is sitting. Since those occasions will be rare, as proposed, I am sure that the Senate will not be averse to giving that permission.

● (1410)

Senator Stewart: Honourable senators, I asked for leave, and leave was granted. I have made my motion. I can add nothing further that might persuade Senator McElman, and I suppose that is it. The motion is before the Senate.

On motion of Senator Hastings, debate adjourned.

CORRECTIONS

NOTICE OF MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY REPORTS OF CORRECTIONAL INVESTIGATOR

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, April 20, 1989, I will move:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the Fourteenth Annual Report of the Correctional Investigator for the period June 1, 1986 to May 31, 1987, and other Investigation Reports by the Correctional Investigator; and

That the Committee present its Report no later than December 31, 1989.

QUESTION PERIOD

AGRICULTURE

GATT NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES — REQUEST FOR PROGRESS REPORT

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government to give us additional information on the meetings that were held in Geneva at the GATT respecting the so-called export subsidy war.

The press reports in the last few days have indicated that there was good progress and that they were making satisfactory accommodations—and there were other laudatory comments such as that. However, there has been no detailed information regarding what has taken place at those meetings in Geneva to justify these comments.

Obviously, the Leader of the Government will understand that farmers in western Canada, who are now beginning or will soon begin to plant their 1989 crops, will be very interested to know the basis for the indication that there has been good

[Senator McElman.]

progress at these meetings. The Leader of the Government presumably has the complete answer to this question, but, failing that, would he give an undertaking to obtain a report from the Minister for Grains and Oilseeds outlining in some detail why optimism was expressed after the meeting concluded?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I seem to think that my colleague, the Minister of International Trade, Mr. Crosbie, issued a statement some time ago following those meetings. However, I shall take the advice of the honourable senator and obtain a written report from Mr. Mayer as soon as possible.

FEDERAL ELECTION, 1988

REPORT OF CHIEF ELECTORAL OFFICER—CRITICISM OF BUSINESS COMMUNITY'S INTERVENTION

Hon. Jack Austin: Honourable senators, the Chief Electoral Officer, Jean-Marc Hamel, has now made his report to Parliament on the last election. One of the statements he makes relates to the participation of business in electoral issues. He says:

It's as if two boxers get into a ring under the same rules, in the same weight category, with the same gloves and, all of a sudden, a spectator jumps in and starts hitting one of them with a hammer.

Senator Perrault: Hear, hear!

Senator Austin: Michel Gratton, in an editorial article in the *Ottawa Sun*, says:

Now that is a pretty damning assessment coming from the chief electoral officer. What he's saying, in the end, is that some interest groups contravened the spirit of the law to favor a political party.

● (1415)

I should like to ask the Leader of the Government in the Senate whether he agrees with the Chief Electoral Officer's view of the intervention of the business community in the last election, contrary to the spirit of the Canada Elections Act.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have not read any more than the news reports—

Senator Perrault: Disgusting!

Senator Murray: —of the report that Mr. Jean-Marc Hamel brought in, so I am not in a position to comment on the rather dubious interpretation—

Senator Perrault: “Dubious?” What kind of standards do you have?

Senator Murray: —that the honourable senator has made of his report. I would like to see whether the honourable senator's interpretation is justified.

Senator Perrault: Dubious!

Senator Murray: As for the question of policy in principle, there was legislation in this place under the previous government.

Senator Perrault: He would be trapped there. Dubious!

Senator Murray: I spoke on it and, indeed, voted in favour of it. If I am not mistaken, the legislation ran afoul of the Charter of Rights and Freedoms in a court case. My memory may be faulty, but, in any case, I agree that the whole question of third-party advertising, which is the issue, needs to be addressed. It is our intention to have a full review of the relevant legislation in that respect.

Senator Austin: Honourable senators, I must say that I am pleased with the government leader's—

Senator MacEachen: Hear, hear!

Senator Austin:—concluding comment that the matter of electoral practices, including the one I referred to, will be reviewed by the government. The Leader of the Government in the Senate will know that an Alberta court found a provision of the Canada Elections Act contrary to the Charter of Rights in terms of issues relating to free speech. That issue was not appealed by the government, and the government had more than adequate time in the last session to deal with the issue by legislative means.

Senator Murray: You mean the “notwithstanding” clause?

Senator Austin: Pardon me?

Senator Murray: The “notwithstanding” clause? I would suggest to you—

Senator Austin: No, by ordinary legislative means, as the government leader knows.

Senator Murray: Oh.

Senator Austin: As far as your reference to “dubious” is concerned, all I did was quote the Chief Electoral Officer and a certain reporter well known to the government leader.

Senator Perrault: You called them “dubious”.

Senator Denis: He is not on the road!

THE ECONOMY

INCREASE IN INTEREST RATES—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate if the government intends to do anything about the enormous, exorbitant interest rates now being charged. What is referred to as the prime rate is now well over 13 per cent.

For the minister's information, there was a time when he not only suggested but also insisted that the interest rates and other actions taken by the Bank of Canada were ultimately the responsibility of the government. He will recall when he made those arguments so eloquently. Therefore, I would like to—

Senator Balfour: Do you recall when they were at 21 per cent?

An Hon. Senator: A selective memory!

Senator Olson: The minister brought up some problems respecting that, that is right. His interpretation of the Bank of Canada Act at that time was that the government was ultimately responsible.

I should remind him also that a great deal of economic activity is cooling off, in some cases dropping rather drastically in the part of Canada which I come from, because of these interest rates that are designed to deal with a situation in southwestern Ontario, and particularly in Toronto. Therefore, based on the minister's well-known interpretation of the government's responsibility, could the Leader of the Government tell us what the government intends to do about it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, so far as the ultimate responsibility of the government for monetary policy is concerned, I would do no more than draw his attention to the relevant act concerning the Bank of Canada, its governor, the circumstances and their relations between the government and that officer.

• (1420)

So far as the ultimate responsibility of the government for economic policy and the health of the Canadian economy is concerned, I assure the honourable senator that we accept that responsibility. Also, so far as interest rates are concerned, I assure the honourable senator that the Minister of Finance will bring in a timely and appropriate budget next week, which I think will have the effect, ultimately, of encouraging the Governor of the Bank of Canada to relax monetary policy, as he said he would do if the fiscal authorities got it right, as we intend to do.

Senator Olson: Honourable senators, there seems to be a profound change, if not in the interpretation at least in the process that should be taken by the government—

Senator Murray: Not at all!

Senator Olson: Honourable senators, I remember a time when the Leader of the Government sat on this side of the house when interest rates were escalating somewhat. He was on his feet every day, reminding the government that they had the responsibility at that time— and not some time later, after a budget or after something else, but right then—to have some influence on the interest rates that were cooling off the legitimate economic activity in Canada. I am just asking the Leader of the Government in the Senate whether or not he takes that interpretation of that particular responsibility seriously and whether this government intends to do something about it.

Senator Murray: Indeed, honourable senators, and the most positive influence that this government can exercise on high interest rates is to have an appropriate fiscal policy. That is the determination of the government and, in particular, of the Minister of Finance.

Let me also remind the honourable senator that this government has brought in measures which have the effect of mitigating high interest rates in certain slower-growth areas of the

country. For example, in the Atlantic provinces and, I believe, in western Canada, under the regional agencies, we are in a position to provide assistance to business with what are commonly called interest rate buy-downs. That is the kind of flexible and very positive regional policy that this government has introduced, and which is having the effect of accelerating regional development in the country.

Senator Olson: Honourable senators, I should like to remind the Leader of the Government that the ordinary, good businessman who wants to go to a bank to make a loan in order to expand or to enter into a new business is not helped one iota by having to go through the process of making an application to the Western Economic Development Agency, or a regional agency of any kind. I am talking here of good, honest, enterprising Canadians, and I reiterate that there has been absolutely no relief given by this government for the type of interest rates that they are facing. I also want to repeat that it was the Leader of the Government himself who indicated that it was the responsibility of the government to make sure that the rank and file and the great majority of good, honest, Canadian businessmen had access to loans at a reasonable rate.

Senator Murray: Honourable senators, I resent the implication that entrepreneurs in Atlantic Canada and the prairie provinces are not good, honest and reliable.

Senator Olson: What have you done to help them?

Senator Murray: I told you: We have introduced interest rate buy-downs.

Senator Olson: No, honourable senators, it is not a satisfactory answer to say that these good, honest men must go to the Western Economic Development Agency and obtain a grant every time they need to go to a bank for a loan.

Senator Murray: I assure the honourable senator that these good, honest, reliable entrepreneurs in Atlantic Canada and in the western provinces have been rushing to take advantage of these very progressive provisions in the policy and in the legislation governing those two agencies.

Senator Olson: Honourable senators, I have one further question. Is the Leader of the Government in the Senate now saying that each and every businessman or entrepreneur who wants to have access to reasonable loan rates must go through all of this red tape, and that the government does not intend to do anything about the rate charged to such a businessman when he goes into his local bank?

Senator Murray: Honourable senators, again the most positive influence that the Government of Canada can bring to bear on high interest rates is to bring in an appropriate fiscal policy so that the policy of the monetary authorities is not left to carry too much of the burden of fighting inflation. That, I assure you, is the determination of the Minister of Finance and of the government. We have it on the record on several occasions from the Governor of the Bank of Canada that, in response to an appropriate fiscal policy, he would, over time, relax interest rates.

[Senator Murray.]

Senator Olson: It sounds like you are on the road to Damascus again.

HEALTH AND WELFARE

DESTRUCTION OF IMPORTED CHILEAN FRUITS AND VEGETABLES—SOURCE OF GOVERNMENT AUTHORITY—EXTENT OF CLAIMS FOR DAMAGES—CONSEQUENCE FOR EXPORT OF CANADIAN AGRICULTURAL PRODUCTS

Hon. Peter A. Stollery: Honourable senators, I have a question for the Leader of the Government about a matter that occurred while Parliament was adjourned. It is about the destruction of \$20 million worth of Chilean fruit and vegetables by order of the Government of Canada. I would like to know on what authority the government decided to destroy this huge quantity of fruits and vegetables on the basis of, I believe, two poisoned grapes found in Philadelphia. On what authority was that decision taken?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries of my colleague, the Minister of National Health and Welfare, on that matter.

Senator Stollery: While the leader is making those inquiries, I would like him to ask about the claims for damages—specifically the extent of claims against the Government of Canada by the importers and the various people involved in the fruit and vegetable trade, and also what the government intends to do about the matter.

Senator Murray: Honourable senators, I shall ascertain what information, if any, I can properly bring before the house on that matter at this time.

Senator Stollery: At the same time as the leader is asking about those other matters would he determine whether the government has received any information to the effect that there may be consequences for the export of Canadian agricultural products because of this rather outlandish situation that arose a few weeks ago, when, as I say, Parliament was adjourned?

Senator Murray: Honourable senators, I shall draw the honourable senator's question to the attention of my colleague.

THE CONSTITUTION

PRIME MINISTER'S STATEMENT ON WORTH—POSITION OF GOVERNMENT AND OF SENATE GOVERNMENT LEADER

Hon. Jerahmiel S. Grafstein: Honourable senators, last week the Prime Minister said that the Constitution of Canada was not worth the paper it was written on. The Prime Minister has not seen fit to withdraw those comments. The Leader of the Government in the Senate is responsible for federal-provincial relations and, further, for constitutional reform in this country. I wonder whether or not the Prime Minister's statement is government policy. If it is, perhaps the Leader of the Government could clarify it for us. I would also like to know

whether or not the Leader of the Government in the Senate subscribes to the Prime Minister's views.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have dealt on a number of occasions in this house with the "notwithstanding" clause and with the government's position on it, most recently in my contribution in the Speech from the Throne debate. I deplore my honourable friend's absence from the debate that day, but I shall arrange to have a copy of *Hansard* sent to him so that he may read it.

Senator Argue: Oh, come on!

Senator Grafstein: Honourable senators, respectfully, I do not think the Leader of the Government has responded to the question. The question is whether or not he, the Leader of the Government, subscribes to the Prime Minister's statement, which has not been withdrawn, that the Constitution of Canada is not worth the paper it is written on. Does the Leader of the Government personally subscribe to that statement and is that government policy?

Senator Murray: Honourable senators, I certainly subscribe to the statement that the Prime Minister made and which has been quoted in part by the honourable senator today.

Senator Frith: There you are: a good, straightforward answer!

SOLICITOR GENERAL

REPORTS OF CORRECTIONAL INVESTIGATOR—REQUEST FOR TABLING

Hon. Earl A. Hastings: Honourable senators, my question to the Leader of the Government in the Senate pertains to the fourteenth annual report of the Correctional Investigator covering the period from June 1, 1986, to May 31, 1987. I would draw to the attention of the minister the fact that the report has been in the hands of the government for one and a half years, which seems a rather long and inordinate amount of time for the minister to hold a report of just 30 pages and containing simply ten concerns of the Correctional Investigator.

● (1430)

In his report the Correctional Investigator did say: "The addressing of issues referred to the office of the Commissioner of Corrections this year was, in his opinion, characterized by excessive delays and absence of thorough, objective review and a reluctance to make decisions." It seems that he could apply the same observations to the government's handling of the report.

In any event, the report was dropped late on a Friday afternoon, when Parliament was not in session, with the off-hand remark by the minister that internal changes had been made to take into consideration the report. That may or may not be the case.

Honourable senators, I would point out that the fifteenth report of the Correctional Investigator has been in the hands

of the minister now for nearly a year, and I am asking the Leader of the Government in the Senate to consider consulting his colleague, the Solicitor General, to seek the early release or early tabling of that document in order that it might be considered by the committee of this house, along with other investigative reports that indicate that the Correctional Service of Canada is "less than accurate and certainly not forthcoming" with respect to expressed concerns.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I also note that the Correctional Investigator, Mr. Stewart, has indicated that in his view the handling of inmate complaints has improved remarkably in the last little while.

In any case, I accept the honourable senator's question and I will ask my colleague, the Solicitor General, to let me have a report as soon as possible on the matter.

Senator Hastings: As a supplementary question to the minister, I should like to point out to him that June 18, 1986, was the last date on which a report of the Correctional Investigator was tabled in this house. Moreover, the thirteenth report covering 1985-86 and this last report covering 1986-87 have never been presented to Parliament and have never been tabled in this house. Would he also ask the minister if he might end this practice and table these documents for the benefit of parliamentarians?

Senator Murray: Honourable senators, I shall draw my honourable friend's questions to the attention of the Solicitor General and I shall bring in a report very soon.

FINANCE

FISCAL YEARS 1988-89 AND 1989-90—PROVISION OF FUNDS—REQUEST FOR ANSWER

Hon. John B. Stewart: Honourable senators, on Tuesday, April 4, I asked questions concerning the provision of funds to the government and the use of borrowing authorities.

If I heard correctly today, the Deputy Leader of the Government in the Senate has laid on the table documents concerning appropriations by Governor General's special warrants, which probably would cover the first of the questions I asked on April 4.

However, the second question seems to remain unanswered. If the Leader of the Government is not going to deal with that question today by way of delayed answer, will he try to deal with it tomorrow?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I saw today a delayed answer to the question my honourable friend asked. Communications between the deputy leader and my office seem to have broken down, but I shall see that the answer is in the hands of the deputy leader if not later today then certainly tomorrow so that it can be conveyed to the honourable senator.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Frith*), (4th day of resuming debate).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the Speech from the Throne may be one of our traditions that could be improved by examination and revision. Mr. Douglas Fisher, who is now a journalist, but on matters of this kind not a mere journalist—or, had I better say, “not merely a journalist,” because he had a very distinguished parliamentary career—was recently most critical of the Speech from the Throne.

Commenting on its ceremonial impressiveness, he said:

So what's wrong with it—firing the guns, “dressing up,” red carpets, traditions, Black Rod, blah words and phrases, and all such stuff?

The answers can be put in a set of questions. What's right with it? What good does all the sham do? Doesn't such archness, hyperbole, evasion, and bluff belittle an already belittled institution and the politicians we've elected?

The reigning elements in Speeches from the Throne are as archaic as a non-elected Senate—

An Hon. Senator: Hear, hear!

Senator Frith:

—with great powers, even if it doesn't dare use them, most of the time. (Like nuclear-powered submarines, the reform of the Senate was not included in Monday's screed.)

He then goes on to examine this particular Speech from the Throne. It may be that modifications in objective, style and content could answer many of Mr. Fisher's criticisms. For example, we might take the best elements of our Speech from the Throne and combine them with the best aspects of the State of the Union Address, as provided for in the United States Constitution. That State of the Union Address reports on the state of the nation, and that is an element not featured in our Speech from the Throne.

I could see some specific and general advantage for the country if each session opened with the government's assessment of the economic, social and political state of the country. Such an assessment would be an excellent foundation for the legislative proposals made in the Speech from the Throne.

However, even in its present form the Speech from the Throne can have one very useful purpose. It can serve as a test of the government's sincerity or lack of it. The self-congratulatory piety that can so easily creep into a Speech from the Throne is the result of a perhaps understandable giving-in to an irresistible temptation, because, although the occasion is

[Senator Murray.]

mostly ceremonial, the government does momentarily have the attention of the nation. It is usually full of what the government is going to do rather than when and how it is going to do it. That brings me back to its usefulness.

It could be the first stage in what we would call a “T Scan”, a test of the trustworthiness of the government, where hypocrisy will lower the score and evidence of sincerity raise it, let us say on a scale of zero to ten.

How would this Speech from the Throne and Senator Murray's defence of it score on the T Scan? I think we should work out its score on seven topics that were featured in the Speech from the Throne and in Senator Murray's defence of it. The seven are: national reconciliation; the “notwithstanding” clause; foreign policy; defence; unemployment insurance; housing; and child care.

Assuming that hypocrisy will lower the score and sincerity will increase the score on the scale of ten, that means that on those seven topics there would be a total possible score of 70 for the government.

So let us start with national reconciliation and see how it scores on the trustworthy scan.

Senator Murray: How long is this going to take?

Senator Frith: I beg your pardon? How long will the speech take?

Senator Murray: Yes.

Senator Hastings: No longer than yours.

Senator Frith: Would you like me to tell you how long your two speeches took? Did I ask?

Senator Petten: Of course not.

Senator Nurgitz: Did you care?

Senator Frith: Yes. I will tell you how much. I cared probably as much as Senator Murray cares. He just wants to know how long he has to sit there, right?

Senator Murray: I do not have to sit here at all. I have other things to do.

● (1440)

Senator Frith: Just settle down and we will get on to the score taking.

In his reply to the throne speech Senator Murray stated, “I believe it is fair to say that national reconciliation has been achieved.” And that in the field of—don't laugh; let's see how they score—federal-provincial relations: “Hostility and mistrust have been misplaced by mutual respect and shared purpose.”

Now, let's cock an ear for all this harmony.

Senator Perrault: The barber shop quartet.

Senator Frith: There was, of course, the CF-18 maintenance contract, where the Premier of Manitoba said to the Prime Minister—

Senator Murray: The former Premier of Manitoba.

Senator Frith: Yes, the former premier. I can understand these interruptions. I suspect that Senator Murray knows what the quotation is going to be. He also knows that his interruptions will lengthen the speech. He also knows that I love being on my feet.

Here is the quotation to support the harmony that was referred to. This is from the premier of a province. He said of the Prime Minister, "I can't trust this man... [his words have] turned out to be as meaningless as the rest of his commitments on this contract."

Senator Doody: What about the others?

Senator Frith: Do you want someone who is more politically alive? There may be some question about this, but what about John Crosbie? Is he contemporaneous enough and geographically appropriate enough for Senator Doody?

Mr. Crosbie, in order to sing a harmonious tune, called this provincial premier "a crybaby". Then our ears were filled with Senator Murray's sweet harmony during the "space agency" and "international banking centre" episodes.

During the election Mr. Lucien Bouchard did not sing very harmoniously when he claimed that—and remember, honourable senators, we are looking at national reconciliation having been achieved. That is what we are testing. Mr. Lucien Bouchard said, "The very rich province of Ontario" opposed free trade because the tariff structure had "filled its own pockets." Mr. Bouchard went so far as to compare the free trade debate with the Quebec referendum campaign of 1980. All in the spirit of neighbourly love, he claimed that, in both instances:

Liberals [and] Ontarians intervened heavily to scare a fraction of the Quebec population into preserving the status quo.

Then he continued his analysis as follows:

Look at this debate [on free trade] with the eyes of a Quebecker from the yes side. In 1980, Ontarians came to Quebec to tell us: "You are ghettoizing yourselves. Don't do that. Open up to the world instead; do like us."

Well, they convinced us. Quebec chose not to separate, and to become an active partner in Confederation, and to open up to the world. Now, they want us to stop?

Mr. Bouchard went on to state:

That happens every time Quebec is on the verge of a significant breakthrough. This time, it is an economic breakthrough.

The harmonious theme there is that every time Quebec wants to do something, Ontario tries to stop it.

On the question of the free trade debate—and this is a parenthetical insert—the Leader of the Government in the Senate referred in his speech to the "political success of the FTA in the last election."

The Senate had made a promise that, if the government won the election, it would pass the free trade bill. But that is not the same as saying that the free trade act was a political success in the last election. Just in passing, let us remember

that more people voted for parties that were opposed to the deal than for parties that supported the deal.

Let's listen for the Murray harmony elsewhere—let's go to Newfoundland.

Senator Doody: Hear, hear! A great idea.

Senator Frith: For at least a few days Premier Tom Rideout denounced the Canada-France understanding concerning the boundaries dispute over St. Pierre and Miquelon. He claimed:

The federal government has resolved the dispute mainly on the backs of fishermen and plant workers in Newfoundland—social justice has not prevailed.

Remember, we are talking about national reconciliation, and who was it that was bragging about national reconciliation? It was the very government that the Premier of Newfoundland said was resolving the dispute "on the backs of fishermen and plant workers in Newfoundland."

What about the west? Last month we witnessed the election of a Reform Party candidate in a by-election for the Alberta riding of Beaver Creek. Frustration and resentment in the region has, if anything, only increased. Just listen to this for harmony.

Senator Nurgitz: It is Beaver River, not Beaver Creek.

Senator Frith: Thank you. All interventions of a helpful nature are welcome.

Ted Byfield, the founder of the *Alberta Report*, and a great Tory supporter, had this to say about the state of harmony and reconciliation:

The whole prospect of Quebec's departure, far from being an unthinkable disaster, has become in many minds a rather tantalizing possibility.

So much for reconciliation.

The cover of a recent issue of *Maclean's* was headlined "The Divided Nation", and characterized the situation as a "developing crisis". Meanwhile, the government blandly announced in the Speech from the Throne that it was renewing its commitment to national unity. To come back to where we started and to quote Senator Murray, "national reconciliation has been achieved."

The score on the hypocrisy level is very high, which would lower the score—we are tempted to give that a minus; let's just give it a zero. I will mark that down because I want to keep a cumulative score here. National reconciliation scores zero.

Senator Denis: Minus!

Senator Frith: Let it be noted that some honourable senators are claiming a minus.

Senator Nurgitz: Do I need a calculator?

Senator Frith: Senator Nurgitz asks if he will need a calculator. I have received one from Senator Gigantès, but I do not think he will need one. This is only out of a possible 70 and it is on a scale of one-to-ten. I think Senator Nurgitz can use his usual calculator, his ten fingers.

Senator MacEachen: If he needs that many.

Senator Frith: In fact, I suggest Senator Nurgitz might not find he needs all ten fingers.

Senator Perrault: Just those on his left hand.

Senator Frith: Respecting the "notwithstanding" clause, Senator Murray called its inclusion an event of "unparalleled magnitude." He said:

Perhaps one could better understand such an enormous compromise being made if it accomplished its purpose, which was to settle the political and constitutional situation in the country then existing. But it did not.

Senator Murray, of course, is echoing the words of the Prime Minister, who has recently been—and I emphasize "recently"—categorical in his condemnation of its inclusion.

● (1450)

It was a concession that was made, that was without precedent, as I understand it in the history of constitutional negotiations.

Then even more recently, as has been pointed out, the Prime Minister decided that our Constitution isn't worth the paper it is written on.

Senator Perrault: Shame!

Senator Frith: Senator Gigantès dealt with that chapter and verse last night, and I congratulate him for the effective way in which he did so. He also pointed out a very interesting thing that was unknown to me, which is that the Prime Minister, when he negotiated Meech Lake, accepted that the "notwithstanding" clause was a necessary provision in Meech Lake, as Mr. Rémillard pointed out.

Senator MacEachen: For hours they worked on it.

Senator Frith: Yes, and they worked on it for hours. So far under this heading neither the PM nor the Speech from the Throne is doing very well on the hypocrisy factor in our trustworthy scan.

So let us go on and see if they can improve the score. Last week a way was found to help relieve the Prime Minister's acute pain of living in a country that had a Constitution that was "not worth the paper it was written on" because of the fact that it contained the "notwithstanding" clause. The Leader of the Opposition in the other place, Mr. Turner, suggested that Parliament pass a constitutional resolution prohibiting the federal government from using the "notwithstanding" clause. That could have relieved his agony and was certainly a test of his sincerity or hypocrisy.

Senator Perrault: Hear, hear!

Senator Frith: But of course he refused.

Senator LeBlanc: He flunked it!

Senator Frith: He asked that Mr. Turner's resolution join 400 private members' motions waiting on the lottery, one of them, perhaps an important point, dealing with the wearing of academic gowns when present in the House of Commons. That is how important he thought it was.

[Senator MacEachen.]

During the election campaign Mr. Mulroney also spoke about the patriation of the Constitution, saying Liberals in tuxedos partied and celebrated "the exclusion of Quebec" from the agreement.

Senator Perrault: Garbage!

Senator Frith: So are we to believe then, honourable senators, that in 1982 the present PM was against—oh, correction!, it was Beaver River and morning coats; right.

Senator Nurgitz: Get it straight!

Senator Frith: The Prime Minister was against—is that what we are to understand?—was against the Trudeau achievement in 1982 because of the exclusion of Quebec. Yes, according to Senator Murray—that is, yes, according to Senator Murray now. But in the book *One Eyed Kings* by Ron Graham we are told, at page 161:

Brian Mulroney had supported Trudeau's action at the time.

What is the authority for that?

"Brian tends to be pretty simplistic when it comes to strategy", said Lowell Murray, who had gone to university in Nova Scotia with him.

Senator Murray: You should hear what I say about you!

Senator Frith:

He—

not Senator Murray but "he" the Prime Minister. Get this:

He goes for the big splash. He supported Trudeau's constitutional position not because he had thought about it for five minutes, but because he was so thrilled by the sheer bravado of it all. That position would not have served us very well.

Senator Perrault: For goodness' sake!

Senator Frith: Now, this is a tough one to give at least a satisfactory hypocrisy score on. I would say the H Factor is very high on hypocrisy, very low on sincerity. It may be a minus here, but I am still going to be compassionate and make it a zero.

Senator Perrault: You lucked into a zero!

An Hon. Senator: You are just a softy!

Senator Nurgitz: So young, so young!

Senator Frith: Now let us look at No. 3, which is foreign policy. Senator Murray described Senator MacEachen's comments on foreign policy as "nothing very substantive." So let us take a look at the points that Senator MacEachen raised and that Senator Murray found not very substantive.

Point No. 1: There is no identifiable policy-making centre in the government. What is the answer to that? "Not very substantive." Perhaps not, for someone who simplistically only goes for the big splash, but for most people the absence of any identifiable policy-making centre in government is pretty substantive.

Point No. 2: The role of the Secretary of State for External Affairs has been undermined by his exclusion from major foreign policy action, such as the FTA negotiations, and he has been occupied in areas of relatively marginal importance to Canada. Any answer to that? No; just "not substantive."

Point No. 3: The rate of increase of support for national defence and official development assistance has been eroded under this government. Denied? No; just "not substantive."

Point No. 4: Canada was slow off the mark in reacting to the Iran terrorist threat. "So what," says Senator Murray; that is "not very substantive."

Point No. 5: Canada's policy towards activities in occupied territories was contradictory. The answer? A shrug. "Not important, not substantive," says Senator Murray. He's with the Prime Minister—no big slash there.

Point No. 6: The implementation of Canada's "get tough" policy with South Africa has led to booming trade between our two countries. Perhaps true, I guess, Senator Murray may say, but that is not a substantive problem.

Point No. 7: The Canada-France agreement has short-term and long-term disadvantages for Newfoundland fisheries. The minister praises the mediator for getting him to agree to condone continued overfishing by the French. No substantive problem. The minister even congratulated the French negotiators—and well deserved congratulations they were. What was happening, as I understand it, was that France was overfishing; it was over-overfishing or over-over-overfishing; right? Three "overs" let's say.

Senator Thériault: Four!

Senator Frith: Four overfishings we will say. Do I hear five? Four. We will make it four. Four times overfishing—

An Hon. Senator: And a bit of poaching.

Senator Frith: —and some poaching. Then what happens? We catch them at it. It is similar to the situation of a robber burglarizing a neighbourhood four times over. He says, "What are you going to do?" We say, "We are going to take you to court." "Oh, I see," he says. "What will happen? Will that take very long?" "Oh, yes, that will take quite a long time, but we will take you to court; however, we want to make an agreement with you about it." So the robber says, "Okay, what is the agreement?" "Well, the agreement is that instead of over-over-over- overfishing, it will be all right for you to only over-over-overfish while we take you to court."

Well, what would the robber say? He would say, "Where do I sign?", wouldn't he? That is what the French said: "Where do I sign?" And they got congratulated by our government for doing so. That seems to me like a pretty substantive point that was made, although Senator Murray said that Senator MacEachen did not make substantive points.

Senator Murray talked about the PC record in peace-keeping, international development, promoting human rights and strengthening the UN—all Liberal initiatives and strengths. I do not know when this government is going to stop, on the one hand, feeding on the Liberals' legacy and, on the other hand,

trying to blame it for Tory mistakes when it cannot face its own failures.

Senator Murray spoke with great pride about the election to the Security Council. Well, it is the international community that elected us to the Security Council. The election of Canada to the Security Council also occurred in the 1970s. It was then regarded as a routine event, conforming to a regular cycle of membership. However, in the context of this government's meagre achievements, we can understand its treating that as a big splash and a great international triumph.

But when going through the speech I was particularly struck by Senator Murray's quoting Prime Minister Mugabe of Zimbabwe as praising Prime Minister Mulroney at the conclusion of the Commonwealth Conference: "Thank God for Prime Minister Mulroney." The praise was for Canada's fight against apartheid. But that, as Senator Murray so accurately stated, was "some time ago"—it was in 1987, I believe. Much has happened since.

● (1500)

In February of this year, at a meeting of Commonwealth Foreign Ministers in Harare, Zimbabwe, Joe Clark was publicly raked over the coals by his Zimbabwean counterpart. Foreign Minister Nathan Shamayurira was highly critical of booming trade figures between Canada and South Africa. I quote the foreign minister, whose Prime Minister had earlier thanked God for Prime Minister Mulroney: "... there is a frustration of some other members of the Committee ... We are going to ask Mr. Clark to abide by the spirit of the Okanagan resolution." Mr. Shamayurira was referring to the 1987 Commonwealth meeting, where Mr. Mulroney endorsed a statement committing participants "to continuing efforts to secure a more concerted application of a global sanctions program." In any event, the Zimbabwean foreign minister broke off a private meeting with Clark and said: "We have taken Mr. Mulroney's statement as a firm commitment. Now we have doubts."

So these front line enemies of apartheid are not thanking God or anyone else for our Prime Minister. Well, Mr. Shamayurira, we Canadians know how you felt when you said, "We have taken Mr. Mulroney's statement as a firm commitment. Now we have doubts."

I have a few more comments that may be of some interest to the Leader of the Government in the Senate, but perhaps he can just read the transcript.

Senator Perrault: He can't stand the heat!

Senator Frith: Well, I notice that the Leader of the Government is leaving.

Senator Murray: I was just trying to slip out quietly.

Senator Frith: I must say, honourable senators, that some of us hope his government will go—quietly or noisily; we don't care how.

At any rate, the Prime Minister's dismal domestic reputation for delivering on his words is spreading around the world, and only blindly loyal supporters like the recently departed

Senator Murray could actually be proud of what he says "... the international community sees when it looks at Canada and at the present government."

Honourable senators, when Senator Murray says, at page 48 of *Debates of the Senate*, "that the international community does not seem confused, does not seem puzzled" about Canada's role, he may have a point—the international community might be less confused and less puzzled now that it has learned, as have Canadians, to apply the rules of "double speak" to anything this government says.

Senator Nurgitz: That was nine out of ten!

Senator Frith: On hypocrisy, yes, which would make the total minus nine, but, until we come to the final draft, another zero.

Let me add one thing that I think is important. I wanted to make a point—

Senator Doody: When?

Senator Frith: Personally, I was somewhat hurt over an expression Senator Murray used about my colleague, Senator MacEachen. He characterized Senator MacEachen's period at the Department of External Affairs as "eminently forgettable". Obviously, he has not forgotten it. And, honourable senators, that is certainly not the recollection of those on this side of the chamber.

Some Hon. Senators: Hear, hear!

Senator Frith: Nor is it the recollection, I suspect, of some on that side of the chamber, nor of Canadians, nor of leading international figures. Let me choose one—

Senator MacEachen: Oh, come on!

Senator Frith: No, I insist.

Henry Kissinger has somewhat more experience in the international area than has Senator Murray, and his reminiscences are somewhat different. In 1979, only a few years after Senator MacEachen had completed his first tour of duty, one which Senator Murray called "eminently forgettable", this is what Henry Kissinger wrote:

Canada's somewhat aloof position combined with the high quality of its leadership gave it an influence out of proportion to its military contribution, however. It conducted a global foreign policy; it participated in international peacekeeping efforts; it made a constructive contribution to the dialogue between developed and developing nations. At the same time Canada had its own special relationship with the United States... Canadian leaders had a narrow margin for manoeuvre that they utilized with extraordinary skill."

Some Hon. Senators: Hear, hear!

Senator Frith: That, compared to what Senator Murray has said, does tempt me to give a minus grade on this heading, but I shall for the moment leave it at zero.

Hon. David Walker: Would the honourable senator go on for just a little while longer? I have made a bet that he is going to empty the gallery—there are only two spectators left.

[Senator Frith.]

Senator Frith: Senator Walker will look after the emptying of the rest of the gallery, I am sure, if he rises again.

[Translation]

As for expenditures, to defend the Government's record on defence expenditures, Senator Murray starts by saying that Senator MacEachen "took some liberties" with the statistics. Is Senator Murray not taking some liberties with the statistics?

Senator Murray began his speech with figures, by saying

The real growth of our defence budget was negative for a certain period prior to 1980.

The Library of Parliament did a study of defence expenditures from 1967 to 1989 and observed that there was negative real growth only twice in that period: once in 1988-89, under the Mulroney Government, with an estimated negative growth of 0.3 per cent and on another occasion, under the Clark Government in 1979-80, when the growth was -4.3 per cent.

Senator Murray then claims that for the period 1983-88, the real growth rate was 4.3 per cent. Correct me if I am wrong, but if my memory serves me, 1983 and 1984 were Liberal budget years, such productive ones, obviously, that Senator Murray tries to take credit for them.

If these two Liberal budget years are taken out, the average real growth rate mentioned by Senator Murray would be 3.7 per cent, not 4.3 per cent. If we add in the negative real growth of 0.3 per cent expected for 1988-89, we obtain an average annual real growth rate of only 2.7 per cent. It is not surprising that Senator Murray tries to get away with using Liberal defence expenditures in his speech; without them, he would have no case.

Senator Murray then compares the figures for 1983-88 with those for 1978-82, when the real growth rate was only 2.4 per cent. Well, according to figures provided by the Library of Parliament, if one takes out the brief term of Joe Clark, 1979-80, during which as I said the average real growth rate was -4.3 per cent, the average for the five Liberal fiscal years rises to 5.8 per cent.

Finally, Senator Murray boasts that a large part of the defence budget was used for the purchase of new equipment and that in the last three years, 20 per cent of the department's budget was used for that purpose, compared to 10 per cent in 1978.

The figures provided by the Library of Parliament show a somewhat different situation.

The real growth rate for expenditures on machinery and equipment in four fiscal years, 1981, 1982, 1984 and 1985, all years of Liberal budgets, was 10.3, 23.6, 28.2 and 27.8 per cent respectively.

What happened when the Conservatives took power? During their first full budget year, 1985-86, the rate of real growth on machinery and equipment was -15.3 per cent. For 1986-87, it was 7.7 per cent, for 1987-88, 8.9 per cent and for 1988-89, it is expected to be -9 per cent.

To summarize, the average annual real increase for machinery and equipment in the last four years with Liberal budgets was 22.4 per cent, compared to -1.9 per cent during the four years of Conservative budgets.

In 1984 and 1985, machinery and equipment accounted for 25.7 per cent of the defence budget. Today the figure is 21.9 per cent. That is the Conservatives' record.

Once again, the score, regrettably, is zero.

[English]

● (1510)

Now we go to unemployment insurance. We have three more to go, Senator Walker. You are obviously braver than your leader.

Often what is not contained in a speech is as revealing as what is. In the other place, for example, Mr. Broadbent, Leader of the New Democratic Party, in his address in reply to the throne speech said not a word—not a single word—about the Constitution or the issue of minority language groups. When the question is asked about who speaks for all Canadians, you will not find it on the short list of the New Democrats.

However, in this place, in Senator Murray's speech, there were also some very interesting omissions. In his remarks Senator MacEachen expressed his fears about the statement of intent in the throne speech to make changes to the unemployment insurance program. Senator MacEachen said that when the government claimed it would implement changes with a view to "fairness," many people heard something else. Senator Murray, in his speech, did not protest. He said nothing about the relationship between "fairness" and Tory changes to the unemployment insurance program. Well, I guess we now know why.

The Tory definition of "fairness" is to fund job training by snatching almost \$1 billion from the unemployed, not from their corporate masters but from those who have lost their jobs and are walking the streets trying to find work. This, for Tories, is fairness. Single out for special treatment, for special punishment, those who do not have jobs.

Senator MacEachen characterized the Conservative philosophy, the government's motto on social justice, as "strength and joy through adversity" and labelled it as "social Darwinism at its best"—that is, no help for the helpless, only help for the survival of those who are already the fittest. In retrospect, it is not surprising that Senator Murray did not put up an argument. The changes announced to the UI program—taking money away from those who have no jobs in order to achieve fairness—is social Darwinism at its best, and is a move that will cause even more Canadians to hear a dull clunk rather than the ring of fairness when the Tory bell is rung. Ask not, ye jobless—fishermen and other workers, for whom the government bell tolls. It tolls for the well off. It tolls not for you and your families.

I am going to have to put down a quick zero on that one, I am afraid.

Let us move on to housing. Another interesting omission from the throne speech and from Senator Murray's speech is any mention of housing policy. With the cost of shelter in some of our cities already beyond the reach of the majority of Canadians, and home prices still escalating, the government's lack of a housing policy is certainly noteworthy.

Perhaps I am, however, being a little hasty, because during the election campaign the government did inadvertently provide a glimpse of how it feels about Canadians who, being homeless, have no shelter whatsoever—the estimated 100,000 Canadians who live on the streets. John McDermid, the then federal housing minister, said:

The homeless have shelter in Canada. They can always get off the street and find a warm place to sleep and be taken care of on a temporary basis.

He went on to say that the government was going to continue with what it had been doing and that Canadians should not expect anything more. So here we have it: less for the jobless and nothing for the homeless. That is Tory social justice.

McDermid also said during the election that "the government is also going to try to keep interest rates low, which in turn will help people carry mortgages." That was on October 7, 1988, less than a year ago. We all know what has happened to interest rates since then.

Do I hear any calls for pluses? Any minuses?

Senator McElman: Give it a one.

Senator Frith: I think zero is a good compromise. Finally, I come to child care.

Senator MacEachen: It is not on the order paper yet, is it?

Senator Frith: We will see. Senator Murray claimed that "the commitment of this government to a national child care program... is firm" and that it "was reiterated... in the Speech from the Throne."

Well, we have already examined the government's new and, hitherto, unknown definition of "fairness". Let us now examine its definition of "firm commitment" and measure it on our trustworthy scan. Could it mean the same, for example, as it meant to the Zimbabwean foreign minister?

The Prime Minister in this case, we are told, is very concerned about the plight of working women in Canada.

Senator Perrault: Yes, I'll bet!

Senator Frith: Well, in fairness, Senator Perrault, he has said that child care is an "urgent problem" and that "we don't want Canadian women to go to work worried deeply about their children...". He has also said that working women "need those spaces tomorrow" and that working women are "suffering substantially." The tomorrow he was speaking of was seven months ago. Nevertheless, Senator Murray tells us that the government's commitment is firm. If it is firm and if the PM believes it is an urgent problem, where is the legislation? Well, it must be on the order paper. So let's look at the order paper to see what working women will get tomorrow,

because he said that working women need those spaces tomorrow.

To get those spaces tomorrow, even in a metaphorical sense of "tomorrow," we should have it on the order paper today. So is there an item dealing with child care? Let us have a look. Is it No. 1? No, that deals with the Transportation Accident Investigation Board. Is it No. 2, then? No, that deals with the Department of Industry, Science and Technology. Is it No. 3? No. Is it Bill C-4? No, that deals with energy supplies. Well, then, No. 5? No, that deals with the Railway Act. Perhaps No. 6.

● (1520)

Senator Walker: No.

Senator Frith: It is not No. 6, but I will tell you what No. 6 is. No. 6 is an act to amend the Radio Act. It does not deal with child care.

Senator Perrault: More important than children?

Senator Frith: Some big change has taken place since the throne speech. Apparently working women are now worried sick about the still unamended Radio Act. Paraphrasing it, does the Prime Minister think that working women need the Radio Act tomorrow and that they are suffering substantially without it? The government's commitment this week is firmly behind the Radio Act. Working mothers and their children will have to wait for we know not how long for their promised tomorrow. Maybe they can listen to their radios.

In fairness, the government's commitment to child care now has not been totally squandered on the Radio Act. No.

The next one on the order paper, which we thought by now would surely be child care because of this firm commitment and all this urgency, is Bill C-7, an act to amend the Criminal Code.

Senator Perrault: Aha!

Senator Frith: Do you know what amendment the government wishes to make to the Criminal Code? Do you know what amendment working women need even more than child care spaces and what amendment takes priority over the "firm commitment" promised by Senator Murray? I will tell you: "pari-mutuel betting."

Some Hon. Senators: Hear, hear!

Senator Perrault: Gambling!

Senator Frith: Again to paraphrase the Prime Minister, working women need pari-mutuel betting tomorrow.

Senator Perrault: They will lose their UIC benefits.

Senator Frith: Because they are "suffering substantially" without it. This is how the government honours its commitments and how the Priority and Planning Committee, with Senator Murray, I suppose, in attendance—

Senator Perrault: That is a Tory income supplement!

Senator Frith: —wants to talk about plannings and priorities. We see what the priorities are as compared to child care.

[Senator Frith.]

Senator Perrault: Right. Playing the ponies!

Senator Frith: Bill C-7, pari-mutuel betting, is ahead of child care, which has not even left the paddock for the track.

Senator Perrault: That is shocking!

Senator Frith: That is the firm commitment.

What did Senator Murray give priority to when faced with a choice between working women who are "suffering substantially" and promoters of off-track betting centres? He chose to assist those promoters. Senator Murray's commitment to child care may be firm in his terms, but his commitment to off-track betting apparently is firmer.

Senator Perrault: It is firmer!

Senator Frith: Next time Senator Murray or any of his colleagues, and the Prime Minister especially, talk of "firm commitments," I suggest that one have handy many grains of salt and be sure to count your change.

Child care, I am afraid, gets a zero.

Senator MacEachen: A minus!

Senator Frith: A minus, well—

Senator Nurgitz: An eight!

Senator Frith: Even if we ratchet it up to zero, at the end we still find that, on the test of sincerity or hypocrisy, the score on national reconciliation is zero; on the "notwithstanding" clause, zero.

An Hon. Senator: Zero!

Senator Frith: And these are generous scores! Foreign policy, zero.

Some Hon. Senators: Zero!

Senator Frith: I would never get to judge at one of these olympic contests, because they would all say that I was much too generous.

Senator Nurgitz: No.

Senator Frith: Defence, zero.

Some Hon. Senators: Zero!

Senator Frith: Unemployment insurance, zero.

Some Hon. Senators: Zero!

Senator Frith: Housing, zero.

Some Hon. Senators: Zero!

Senator Frith: Child care, zero.

Some Hon. Senators: Zero!

Senator Frith: In a final magnanimous act—

Senator Nurgitz: What does that add up to?

Senator Frith: I will give one point, and I will give that point—

Senator Perrault: The big "0".

Senator Denis: Not too generous!

Senator Frith: —not for the Speech from the Throne, or the Prime Minister's speech or Senator Murray's speech, but for how honest Senator Murray was some years ago when he described the Prime Minister's approach as simplistic and going for the big splash.

So, honourable senators, to get to the score that we talked about at the beginning, out of a possible score of 70 I give them one.

Some Hon. Senators: Hear, hear!

[Translation]

Hon. Jean-Marie Poitras: Honourable senators, today it is my privilege to speak for the very first time in the Senate, to which I was appointed by the Right Honourable Prime Minister of Canada, on the recommendation of the Premier of Québec. I would like to start my speech by expressing my gratitude and my appreciation of the honour they have bestowed on me. I accepted their invitation with humility, aware that so many Québécois are prepared to serve their country and their province. I can assure them both that I am ready and willing to contribute with them to the progress of our country and our province.

Mr. Speaker, I would also like to congratulate you on being confirmed as Speaker of the Senate. I am sure that thanks to your experience the debate in this Chamber will be in good hands.

Finally, I want to assure the Leader of the Government in the Senate and you, honourable senators, of my full co-operation, so that together we can serve our fellow citizens well.

Honourable senators, the Throne Speech, which opened our parliamentary session, clearly defines the imperatives in terms of which the government is to structure its proposed legislation and draft its budget. Canadians were not disappointed. The clarity of the government's analysis is proof that the government fully intends to make the decisions that are necessary and to act responsibly. Honourable senators, I shall, if I may, dwell more specifically on certain aspects of this speech, stressing first of all the importance of strengthening the unity of Canadians, the source of our country's energy, and of following through on the desire of Canadians to protect their environment and co-ordinating their efforts to generate the economic growth that forms the basis for their prosperity.

As you know, I belong to that group of senators whose appointment reflected one of the possible impacts of the Meech Lake Accord. I realize that a Special Joint Committee of the House of Commons and the Senate has already spent many hours discussing this Accord which, in the eyes of many, is perhaps less than perfect. However, I also realize that to all the provinces, and especially to Québec, it symbolizes the full recognition of their ability to govern, not only in terms of the interests of their own constituencies but also in terms of their ability to work together towards our national goals.

[English]

The people of Quebec are right to want the recognition that they form a distinct society within Canada written into the Constitution. By signing the accord, eight provinces did indeed

acknowledge Quebec's uniqueness, and I see that as an important step toward our greater Canadian solidarity.

Recognizing that the people of Quebec have good reason to be proud of what they are, good reason to protect and promote their language; recognizing that it is legitimate for them to be able to count on that pride as a source of the energy they need to excel—that is a gesture of friendship and respect. As such, it speaks more loudly than certain logical arguments and more loudly, too, than certain counsels of despair.

• (1530)

It is not enough to be a member of the same family, or to have all sorts of sensible reasons for being partners. On top of that, those who must share must also feel happy about it. To be accepted as we are, with all our qualities and faults, to be understood rather than judged, to feel supported rather than dominated—that is friendship, and who would willingly part with a friend? Canadians, and that includes Québécois, share to a great extent the same set of values. Each of us wants to live in a society that respects the differences between us and our neighbours. That is one of the invaluable assets on which our solidarity and our desire to meet the challenges that confront us must be founded.

The time for settling accounts is over. Now is a time for balance and harmony, and it is up to each of us to help achieve them. We all have a part to play in learning more about our neighbours, in getting closer to them, in making sure that they can share in our hopes for the future.

[Translation]

And speaking of this future that we can share, I would like to say a few words about all the threats to the quality of our environment. Canadians are concerned. The worry about their health, their families, about the impact on our environment of these toxic wastes we have become unable to control.

Tragic events remind us daily of the urgent need to act now, not only to repair the damage to the environment but also to stop the release of so many toxic wastes in our environment by developing the appropriate technologies.

The government has decided to steer this country towards sustainable economic development, which will increasingly reflect the close relationship between State, environment and the strength of the global economy. It intends to set up a new environmental agenda that will include a commitment to limit the environmental impact of toxic chemicals, improve the quality of our water, protect our arctic regions and improve the quality of the atmosphere.

The clean-up of the Great Lakes, the St. Lawrence River and dangerous landsites, encouraging sound scientific research, and the establishment of the Environmental Partners Fund to encourage recycling and promote the development of environmentally sound products are examples of the kind of concrete action that will help restore our confidence in our ability to meet this great environmental challenge.

However, this agenda alone, extensive though it may be, cannot solve all our problems. The desire to protect the environment is not something to be left up to the government.

It is a frame of mind, a way of life based on a sense of awareness and responsibility on the part of every individual Canadian, every business, every province and going even further, of every person on this planet.

The Canadian government has reaffirmed its political will to act, not in the perspective of an election campaign but taking the longer view, which takes a certain amount of courage, especially since there is very little room to manoeuvre. In this respect, our Prime Minister is an inspiration to the world.

In fact, in early May, the international environmental office of the World Business Organization intends to award the Prime Minister, and I quote: "An award for outstanding contribution to the global environment". I believe that with him, all Canadians are honoured by this award. To be a Canadian today means to be environmentally aware.

All the more reason for us to try to strengthen the thrust of Canada's economy by making our development activities more consistent with environmental considerations.

[English]

The state of our public finances can hardly be described as dazzling. Over the past few years the present government, which inherited a catastrophic mess, has worked doggedly to put a brake on public expenditure and to reduce the deficit while the Canadian economy regains its health and strength.

The monthly job-creation rate in Canada for the past four years has been roughly four times that of the previous four years. The unemployment rate has plunged by 4.1 per cent since September 1984.

Canada's job-creation performance has been one of the best among the member countries of the OECD. Our inflation rate has dropped to fluctuate around 4 per cent, and after-tax disposable personal income has increased by \$1,000 per capita in real terms since September 1984. Again from that date the Canadian economy has grown by 19 per cent in real terms. The number of Canadians living below the poverty line has been reduced by more than 550,000 people.

[Translation]

Honourable senators, these statistics show that our businesses and our workers have placed their trust in the Canadian Government, thanks to the climate it has been able to create. Now more than ever before, they realize that meeting the challenge of an open economy means they will be able to compete in an increasingly competitive market.

We can talk at length about the government's budgetary, fiscal and monetary policy, about the fact that the government could have introduced more restrictive measures and how fast it should have done so, but I think it had to take the time to explain and convince Canadians to accept the implications and the reasons for more drastic measures that will be necessary if we are to regain a certain degree of equilibrium that will give us a chance to consolidate our plans for future progress.

Today, interest charges represent one-third of the government's revenue and absorb one-quarter of its expenditures. The extent of the debt is such that it leads to a loss of confidence

[Senator Poitras.]

among investors which in turn has an impact on interest rates, on investment and also on the dollar.

Unless there is a major change in policy, servicing the debt will compromise the continued existence of our social programs and the standard of living of future generations. It is therefore imperative that the government's financial requirements be reduced by at least \$10 billion by 1992-93, down to 1.2 per cent of our Gross Domestic Product.

To do so, the government must review all budget items while protecting the neediest and maintaining the structural components of its economic policy.

The resulting sacrifices are not popular, but if the government were to shirk its responsibilities, then Canadians would have every reason to blame the government for failing to act.

The wealth of Canadians originates from the profits of business and the salaries of workers. However, some people would prefer to see us lose our production capacity by adopting a more protectionist economic policy. That is a dead-end street, and most Canadians are aware of this.

We are an exporting country and have made a name for ourselves on international markets, in many areas. The Free Trade Agreement strengthens our partnership with the United States, which is already our main customer. All industrialized countries envy this situation, since the upsurge in technological developments has stimulated international trade, encouraged the formation of groups and required countries to refine their development targets by adjusting their policies on research and foreign investment as well as their policies on trade and promoting investment abroad.

I am especially pleased that in the Speech from the Throne, the government decided to go ahead with new regulations for financial institutions that are in line with the trend towards decompartmentalization. I may say, in passing, that the Minister of Finance now has a new Minister of State who is exceptionally talented. I am sure that the Honourable Member for Langelier will perform his new duties with the requisite tact and competence.

● (1540)

[English]

The monitoring of Canada's financial institutions is a responsibility the federal government shares with the provinces. Already a number of provinces have launched into deregulation of financial institutions. While each province must, of course, allow for its own situation, they all share a desire to make their practices consistent in order to avoid pointless subdividing. The challenge facing the federal government is to formulate both a national philosophy and a national strategy that will respect the dynamic of provincial action.

Both levels of government and the financial institutions themselves are aware of their respective responsibilities for the safety of Canadians' savings and for the discipline and greater acumen that must go hand in hand with deregulation. They are also aware that their profit margins will depend, more and more, on their ability to widen their scope and to improve the quality of their integration into a variety of economic sectors.

[Translation]

In this vital area that affects the movement and availability of capital, the Government of Canada, with its partners in the public and private sectors, must strike a balance between flexibility and rigidity that will make the Canadian financial system really competitive nationally and internationally.

Honourable senators, the Government has made foresight, courage and respect for its partners the watchwords of this session. Such an attitude will require it not only to summon all the energy of which it is capable but also to look for new energy from the increased solidarity of the provinces and Canadians.

We know that the strengthening of Canada from within by the values of work, tolerance, justice and love for our country cannot help but lead us to a greater quality of life and an international influence which will inspire those who yearn for justice, freedom and peace.

[English]

Hon. Dan Hays: Honourable senators, first, I should like to join with those who have preceded me in congratulating His Honour the Speaker on his renewed mandate in that office. I wish you well, sir, and continued success in carrying out your duties as Speaker.

I also wish to congratulate those who have spoken, in particular those new senators who have spoken for the first time in this chamber, in response to the Speech from the Throne.

In my case, I should like to take this opportunity to talk about two matters. One topic is mentioned in the Speech from the Throne; one is not. My excuse for talking about the matter that is not referred to is that governments and legislators are responsible not only for what they do but for what they do not do.

• (1550)

The matter mentioned in the speech is parliamentary reform. It has been much discussed by other speakers in response to the Speech from the Throne. The second topic is one about which I have spoken to honourable senators on numerous occasions before, and that is energy policy, or, more precisely, the lack of energy policy in Canada at this time.

The matter of parliamentary reform is of great interest to me because I am a representative from the province of Alberta and in Alberta Senate reform is an important issue and one that is much on people's minds—more there, I think, than in any other part of Canada, although reform is not exclusively an Alberta issue.

The point at which I would like to take up this discussion now occurred last fall, when Senator Murray, in his capacity as Minister of State for Federal-Provincial Relations, advised this chamber that there were going to be ongoing discussions to try to reach a working understanding among the governments in Canada on what kind of next step should be taken with respect to a changed Parliament or reformed Senate. He indicated that the then Attorney General of Alberta, Jim Horsman, would be responsible for carrying that initiative

forward, and Mr. Horsman, as we know, has been doing that. In fact, I can report to this chamber that he has gone to the trouble to meet with senators from Alberta to discuss this topic with them. However, as to just what is being discussed, we are not clear. We do not know.

I can enlighten senators a little by quoting from a speech given by the Honourable Jim Horsman to the Americas Society in New York on April 5. Mr. Horsman is now Minister of Federal and Intergovernmental Affairs and Deputy Premier in the new Alberta government, but, as I have said, he was the provincial Attorney General at the time this initiative was first taken. In that speech he made this statement:

To this point, it appears that there is a general agreement among provincial governments—and the federal government—that a reformed Senate should be elected—the first “E”. There also seems to be wide support for a Senate that represents, equally, each of the ten provinces.

Later, in this same speech, he said:

Finally, it is clear that there will be much discussion at these conferences . . .

He was referring to federal-provincial conferences and the ongoing conferences that I understand first ministers or their representatives are having now on the issue of what shape Senate reform discussions should take. He was saying that there would be much discussion on what the effective powers of the Senate should be. He said:

Various views on the powers of the Senate and how they will impact on Canadian parliamentary tradition have been discussed, and I am certain that several ideas on this topic will be advanced as we head to the constitutional table.

At present, five provinces—the four western provinces and New Brunswick—support the “Triple E” model in principle.

He discussed other matters which I will not go into here because they are not helpful to the point I want to make, which is that these ongoing discussions are among the provinces and the federal government and do not yet involve the territories.

The question that comes to my mind is: What is the substance of those discussions? I am concerned that those discussions may be ongoing in the same way as the discussions that led to the Meech Lake Accord went on—that is, behind closed doors and without any opportunity for public involvement in what is good or bad about the proposal until the matter is a *fait accompli*—until the matter is finally resolved as between ministers and is presented as a seamless web. Personally, I believe that one of the great problems with the Meech Lake Accord is that it did not involve the public. It is not ours in the way that it should be, and it is not ours, I must say, in the way that the 1982 constitutional change was ours in that it did involve a public process.

My very concern is that that public process is not going on now, but that Senate reform is mentioned in the Speech from the Throne as an objective of the government. I believe that

for it to be a successful initiative it must involve public participation. It has not yet proceeded to that point, and I am most concerned that it may not. In responding to the Speech from the Throne, I decry that, if it is the case. If it is not the case, then I believe the time is ripe for those discussions to involve the public and to let us, the members of the public, know what it is that is going to be proposed so that we can have an opportunity to advise and to comment on it. In the end, good or bad, the process will mean that what we end up with will likely be successful because it will be ours in an important way, because we, the people, will have participated in its creation and finalization.

Lastly, on that issue, I should like to share with you a concern about the process that is under way, about which much has been said in connection with the Speech from the Throne. Again, this is from the perspective of Alberta.

We have heard of the many problems that some of us feel exist with the Meech Lake Accord, but one of the greatest problems, it seems to me—and one that has not been talked about a lot and should be talked about more—is that if this constitutional change is ratified and becomes part of the Constitution, then, from an Albertan's perspective, it will, I believe, make meaningful parliamentary reform much less likely to occur. I believe the discussions now going on about parliamentary reform should be proceeding publicly in order to determine whether or not reform, together with improvements to the Meech Lake Accord, can be achieved before the deadline or, indeed, even after the deadline, because there is nothing wrong with extending the deadline. If it takes more time, then it would seem to me that that would be a very good investment for Canada.

The aim is to achieve the kind of change I know Albertans want. If Mr. Horsman is correct, and he seems to have some growing agreement on this, hard bargaining will have to occur. However, hard bargaining cannot occur from an Albertan's perspective if the expectation of Quebec is that they would agree to these changes out of altruism rather than as a part of a process involving the give and take of constitutional bargaining.

I will now comment on the government's apparent lack of any new thinking on the question of Canada's energy policy. If the Speech from the Throne is a statement of the government's current priorities for and concerns about Canada, then evidently it is unconcerned about the energy sector. Even though mention is made in the speech of virtually every other issue of the day, the word "energy" is conspicuously absent.

When the Speech from the Throne addresses what is referred to as "The Environmental Imperative", an issue which the government has recently adopted with remarkable ardour, the obvious link between energy development and the environment is not made. For those who need a reminder of this link, the disastrous Exxon tanker spill in Alaskan waters serves all too well.

[Senator Hays.]

The government has still not presented the criteria used to select the energy megaprojects that it announced support for just prior to the election.

Why did the throne speech not refer to the Energy Options process? Energy Options was a substantial investment in time, talent and taxpayers' money—some \$3.6 million—and the government promised Canadians much from this nation-wide experiment in energy policy making.

When the former Minister of Energy, Mines and Resources, Marcel Masse, introduced the Energy Options initiative in a Toronto speech on April 13, 1987, he stated that the process was intended to involve "all interested Canadians" and that it would "address the connections between energy production, conservation, technology and trade; ownership and the role of energy in the economy; and the environment." In closing his remarks that day the minister said that Energy Options was "a significant step into the future." Two years later there is no indication that the government even understands in what direction to take this "significant step."

Perhaps the government does not appreciate some of the conclusions that are drawn in the final report arising out of the Energy Options process. For example, in commenting on the U.S. proportional access to Canada's energy resources in the context of our energy security, the report states, and I quote:

• (1600)

As the [Energy Options] advisory committee sees it, an informed and vigilant Canadian government remains fully empowered to assure that exports to U.S. markets do not exceed long-term sustainable levels. Of course, if governments are less than vigilant or if mistakes and errors of judgment are made, U.S. buyers could end up with a higher proportion of Canadian supplies than many Canadians might find acceptable. If this happens, governments can and will be held accountable.

This brings me to the issue I want to discuss today, as far as energy is concerned, and that is the question of promoting national energy security in the Canada-U.S. free trade era. While I agree wholeheartedly with the warning that Energy Options conveys about the need for government vigilance, I do not agree that holding the federal government accountable after the fact does much good. If Canada's energy security has already been compromised, there is little satisfaction in saying, "I told you so." Our challenge now is to avoid future energy difficulties with good policy, and not to be caught responding after the fact to a new crisis.

I will use the example of natural gas to discuss energy security. Much of what I will say can also be applied to oil, especially in its uses as a transportation fuel, and to electricity and other energy goods. Today the flow of natural gas is overwhelmingly from Canada to the United States. The one-way movement of this vital energy commodity will continue for the foreseeable future. The situation that we see developing in the North American gas market presents potential risks for Canada. At the same time as an increasing number of Canadian consumers are taking advantage of deregulation to buy

natural gas directly at the cheapest possible price on short-term contracts, long-term gas export applications are flooding into the National Energy Board.

Doig's Digest of March 1989 provides a good review of this situation. At the beginning of 1988 about 15 trillion cubic feet of western Canada's established gas reserves of 72 trillion cubic feet, or about 21 per cent, had been licensed for export to the United States. Since then a further 2.6 trillion cubic feet of natural gas have been approved for export by the NEB and an additional 8.4 tcf in export applications for western Canadian gas is pending. If these applications are approved—and it is likely that they will be—then approximately 26 tcf, or about 36 per cent of western Canada's gas reserves, will have been committed to the U.S. market. Not counted here are anticipated applications to move large volumes of gas into the north-eastern U.S. and California markets. These applications could involve more than 12 tcf of western gas. Nor do these figures include the first application to move frontier gas into the market. Esso Resources, Gulf Canada and Shell Canada are currently seeking export approval for 9.2 tcf of Mackenzie Delta/Beaufort Sea gas.

Within two years the share of western Canada's gas reserves committed to the export market will likely rise from one-fifth to more than one-third. We face the prospect that American buyers may soon control half of western Canada's gas reserves if this trend in export applications continues. This is a dramatic development—a development not even alluded to by the government.

To understand why we are witnessing this surge in gas export applications, I believe it is necessary to examine in some detail how the U.S. energy situation is evolving—or perhaps I should say deteriorating.

Democratic Congressman Richard Gephardt, writing in the January 1989 issue of the *Energy Journal*, made the following observations about the U.S. oil position:

U.S. energy policy in recent years has drifted aimlessly—much as it did before 1973. As [former Yankee ballplayer] Yogi Berra put it, "It's *deja vu*—all over again".

Let us check the record. U.S. oil production is down by 8 per cent since 1985. Their oil consumption is up by 8 per cent. Consequently, U.S. oil imports are up by nearly 43 per cent in just three years. Gross imports are now about seven million barrels per day and constitute more than 41 per cent of total U.S. consumption. That is more oil—and a higher fraction of total U.S. supply—than in 1973, at the time of the crisis that first caused their major energy problems.

The U.S. National Petroleum Council has stated that the United States is likely to be importing between half and two-thirds of its oil requirements by the turn of the century, barring a concerted effort by government and the petroleum industry to modify the growing shortfall in domestic supply.

The 1986 oil price collapse decimated the U.S. petroleum exploration and production sector. From the peak year of 1982 to December of 1986 employment in the petroleum sector fell

by 286,000, or by 40 per cent. More alarming is the fact that 80 per cent of this decline was accounted for by the service subsector. These are the companies that do the seismic work, well logging, well servicing, well stimulation and so on. Many petroleum service companies have been forced out of business. The loss of trained personnel and sophisticated equipment is not easily replaced.

The natural gas sector is also exhibiting disturbing trends, despite a recent evaluation by the U.S. Department of Energy that suggests that the undiscovered resources of natural gas in the United States may be modestly larger than formerly estimated.

Dr. Joseph Riva of the Congressional Research Service in Washington has analyzed the potential for U.S. gas production. His work indicates that roughly one-third more gas wells will have to be drilled over the next ten years than were completed over the last ten years just to hold domestic output at the current level of approximately 17 tcf.

The last decade included the all-time high in U.S. drilling activity, following the 1979-80 surge in world oil prices. In 1981 gas well completions accounted for 17 million feet of drilling. In 1986, with the collapse in oil prices, gas well completions accounted for only 4.7 million feet, a decline of 72 per cent in footage drilled. As I previously noted, the U.S. petroleum exploration industry has suffered long-term damage.

From the 1973 peak year in U.S. marketed gas production to the 1986 low the average annual rate of gas output per well fell by almost two-thirds. Looked at in another way, 250,000 gas wells produced 26 per cent less natural gas in 1986 than 124,000 gas wells did in 1973. This tells us that U.S. gas drilling must proceed at an accelerated rate over the coming decade if production is to be held at today's level. In fact, the U.S. Energy Information Administration reported, in its "Annual Energy Review, 1986", that depressed prices for oil and gas had pushed exploratory drilling down in 1986 to its lowest level since 1949. The drilling industry continues at a reduced level of activity today.

In the remainder of this century the two principal alternative energy sources to oil and gas in the United States are nuclear power and coal.

As of year end 1987 there were 109 nuclear power reactors licensed to operate in the U.S., with a generating capacity of about 100,000 megawatts. A further 14 were under construction and two were on order. Even if all 16 of these reactors are completed, which is questionable, given the current opposition to nuclear development in the U.S., the maximum nuclear generating capacity in place would be about 120,000 megawatts by the year 2000. That value does not include any allowance for power reactors that may have reached the end of their service life prior to that time. No new reactors are being ordered. The last surviving order for a nuclear power reactor was placed in 1973.

Although U.S. coal reserves are very large, and this energy commodity is typically cheaper today per unit of energy than

either oil or gas, coal also faces an uncertain future. Coal's outstanding success as an energy source has been as a boiler fuel for electric utilities. More than 80 per cent of the coal consumed in the U.S. today is for that purpose. There is, however, mounting resistance to the construction of new, large, coal-fired generating stations because of the environmental problems associated with coal mining and combustion.

These difficulties with respect to oil, nuclear power and coal all serve to improve the competitive position of natural gas in the U.S. energy market.

Another factor skewing interest toward natural gas is the U.S. Public Utility Regulatory Policies Act of 1978. PURPA, as it is known, promotes the development of non-utility-owned generating capacity by freeing private power producers from traditional electric utility regulation. The benefits of PURPA are only available, however, to a few electricity supply options. In particular, PURPA has fostered orders for gas-fired cogenerating units, units that supply both electricity and useful heat.

● (1610)

PURPA's effects are being felt in Canada. In August of 1988 the NEB granted a 20-year licence to Canadian Hunter Exploration for the export of a total of 0.12 tcf of gas over the period 1990 to 2010 to Gas Alternative Systems of New York. This gas will fuel a new 80-megawatt cogenerating station to be built in Syracuse, New York.

This short review of the U.S. energy situation does not do justice to its complexities. I have simply documented the more obvious signs of the U.S. inability to establish long-term energy policy. I attribute this to the strong consumer influence in their energy system. Unless we are vigilant, Canada will be drawn by the FTA into helping the Americans solve their domestic energy problems at the expense of our own energy security.

The growing American interest in securing Canadian supplies of natural gas as a longer-term contributor to their energy supply is reflected in the expanding export sale of western Canadian gas. In the November 1986 to October 1987 gas year, Canada sold 0.92 tcf of gas to the United States. In the following 1987-88 gas year, shipments rose to approximately 1.25 tcf, an increase of 36 per cent and a record level of export. Milder weather this last winter and pipeline constraints are expected to hold the 1988-89 volume to roughly the same level.

Theoretically, Canada's current gas export capacity is 1.75 tcf per year. The effective capacity is somewhat less, however, because of seasonal demand variations, weather conditions in a particular year, market conditions and system reliability. Canada's actual export capacity is not much more than 1.4 tcf per year.

As U.S. shipments approach this limit, pipeline companies are planning to increase their export capacity. The new energy minister, Jake Epp, noted in a Calgary speech on April 5 that current industry plans call for an increase of about 1 tcf per

[Senator Hays.]

year in effective export capacity. How much further is the export demand for natural gas likely to rise?

The most recent NEB Omnibus Energy Report, released last September, contains projections of natural gas exports to the United States made to the year 2005. Under either a low or high oil-price scenario, the NEB projects oil exports as rising to 1.5 tcf annually by 1992 and remaining at that level until 2005. In the board's view, gas demand in the U.S. will show only modest growth, with domestic reserves capable of handling most of that growth. In its analysis of U.S. gas supply and demand, the board has relied particularly upon the work of the Gas Research Institute in Chicago, which forecasts a lower level of U.S. gas imports than do a number of other studies.

I suggest that the National Energy Board may be unrealistically low in its forecast of U.S. gas imports. In its Washington visit last year, the Senate Energy and Natural Resources Committee was given a different picture of U.S. gas needs. Forecasts shown to the committee had U.S. gas imports rising to as much as 2.5 tcf per year by the year 2000. Energy, Mines and Resources, in its "Energy Highlights: Year End Review 1988", states that its medium-term projection is for gas exports to rise to 1.6 tcf in the 1994-95 gas year in the base-case scenario. Energy, Mines and Resources' forecast export range in 1994-95 is from a low of 1.35 tcf to a high of 1.85 tcf.

If Americans will be buying only 1.5 tcf of Canadian gas annually for years to come, why are we seeing the large number of long-term export applications being made to the NEB and why are we seeing the pipeline companies planning for major additions to the gas export system?

I do not believe that the board has sufficiently acknowledged the role that natural gas can potentially play as the most environmentally desirable fossil fuel. We are already witnessing the growing U.S. interest in using natural gas for generating electricity, especially at cogenerating stations. The recent Exxon oil spill can only serve to heighten public concern about the environmental impact of energy development.

For one thing, this spill will increase public opposition to petroleum exploration and development in the offshore U.S. regions. For another, the spill will stiffen resistance to opening the Arctic National Wildlife Refuge to oil and gas drilling.

California's dramatic new proposals to lessen pollution problems in the Los Angeles Basin appear certain to have a far-reaching effect on the manner in which energy is used in that region.

The National Energy Board's projections of Canadian gas supply are predicated on there being major additions to our reserves base. That in turn is a function of the exploration effort, an effort that is not going very well these days. Even large additions to reserves, which the board projects will sustain Canada's productive capacity in the vicinity of today's level, do not allow for export volumes much greater than the 1.5 tcf per year forecast through 2005.

It appears there is little margin for error in the board's projections. If the NEB has significantly underestimated future export demand, then we face the prospect that Canadian gas deliverability cannot meet both domestic and export demand in the 1990s. Canada would have little choice but to invoke proportionality and restrict domestic gas consumption.

To this possibility should be added the consequences of a future disruption in world oil supply. A growing number of U.S. industrial and electric utility users have dual-fuelling capability. A disruption in international oil supply, given the increasing reliance of the United States on foreign oil, would be expected to cause an extraordinary rise in natural gas demand.

Under the Canadian legislation implementing the Free Trade Agreement, the National Energy Board lost its authority to turn down or otherwise restrict an energy export licence if the reasons for imposing such restriction were to cause article 904 of the FTA to be invoked. Formerly, if the board were to reject an export application, the Governor in Council could not act to approve it. Now the board can only recommend to the Governor in Council that it reject an export application if article 904 is involved.

What does article 904 say?

Article 904 states that either Canada or the United States may impose restrictions on energy exports under four provisions of the GATT provided that the three further requirements of article 904 are met. These three provisions are as follows:

- a) The restriction does not reduce the proportion of the total export shipments of a specific energy good made available to the other Party relative to the total supply of that good . . . prevailing in the most recent 36-month period for which data are available prior to the imposition of the measure, or in such other representative period on which the Parties may agree;
- b) The Party does not impose a higher price for exports of an energy good to the other Party than the price charged for such energy good when consumed domestically, by means of any measures such as licences, fees, taxation and minimum price requirements . . . ; and
- c) The restriction does not require the disruption of normal channels of supply to the other Party or normal proportions among specific energy goods supplied to the other Party such as, for example, between crude oil and refined products and among different categories of crude oil and refined products.

Thus the Free Trade Agreement more severely limits the circumstances in which a domestic supply shortfall can be used to impose export restrictions. It also narrows the "national security" exception allowed in article XXI of the GATT.

What mechanism would be used to introduce proportionality? The FTA has nothing to offer on this point nor does it discuss how proportional sharing would be monitored. According to the Department of Energy, Mines and Resources' 1988 assessment of the FTA's effects on the energy sector, "Proportionality restrictions could be imposed by declining to authorize new export licences, limiting the extension of existing licences, or reducing the quantities authorized under existing licences."

Apparently the NEB and EMR are now jointly studying how Canada would monitor proportionality.

What options does Canada have to promote domestic energy security now that the Free Trade Agreement is in place? I will continue to use natural gas as the primary example in my remarks.

One initiative is that recommended by the Senate Energy and Natural Resources Committee in its September 1988 report, "Natural Gas Deregulation and Marketing". The committee proposed that Canadian "core market" or "essential service customers" entering into direct sales be required to sign long-term supply contracts of at least ten years in length. Consumers wishing to keep their fuel options open could remain customers of the local distribution company, which would also secure its supplies through long-term arrangements. The committee further recommended that interprovincial core market transactions be monitored and overseen by the National Energy Board.

● (1620)

I have already spoken in this chamber about the need for Canada to institute such a policy to protect the gas supply of domestic users. It is one of the few avenues open to Canada to improve security of supply without invoking the proportionality provisions of the Free Trade Agreement. It has the virtue of reducing the risk of overcommitting our gas reserves to the export market.

Canada's sovereignty is at issue here. If we get into difficulty by allowing U.S. consumers to contract for too much of our gas, then we may have to approach the Americans to negotiate an exception to the FTA. The Americans would certainly demand a trade-off and a high price for such a concession.

Secondly, I would like to see stipulations on the sale of frontier oil and gas to the United States. For instance, it might be possible to allow 100 per cent of Hibernia's oil or Mackenzie Delta/Beaufort gas to be exported under normal circumstances, provided that Canada had an option of holding back a specified quantity of the oil or gas production in a shortfall situation. In these cases Canada could negotiate any necessary exemption from the Free Trade Agreement as a condition of export.

Thirdly, Canada should put in place a process that will lead to a decision on the degree of dependence that it will permit on off-shore oil. Although Canada is currently a net exporter of oil, Atlantic Canada and Quebec import the bulk of their requirements. In recent years Canada has typically supplied about three-quarters of its domestic oil needs from indigenous output, but this degree of self-sufficiency will fall without intervention. Imposing such a limit would certainly put Canada at odds with the FTA and might also be interpreted as violating the spirit of the GATT. There is no easy answer to this question, and I believe that we need to examine very

carefully the pattern of, and trends in, petroleum product use in Canada.

I cannot understand the government's reluctance to raise the question of energy security in these circumstances. The nature of Canada-U.S. energy trade is changing quickly and we do not have the luxury of waiting to see how the game turns out. The discipline imposed by the Free Trade Agreement is too rigid and the risks too great not to address these problems now.

Hon. Senators: Hear, hear!

On motion of Senator Everett, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIRST AND FOURTH REPORTS ADOPTED

Leave having been given to proceed with Orders Nos. 2 and 3 together:

The Senate proceeded to consideration of the First Report of the Standing Committee on Internal Economy, Budgets and Administration (Senate Estimates 1989-90), presented in the Senate on April 6, 1989; and to consideration of the Fourth Report of the Standing Committee on Internal Economy, Budgets and Administration (Guidelines for senators' research expenditures), presented in the Senate earlier this day.

Hon. Roméo LeBlanc moved the adoption of the reports.

He said: Honourable senators, I want to make a couple of remarks, with your permission. In moving the adoption of its report that deals with the Senate Estimates for 1989-90, I should also like to move the adoption of the Fourth Report of the Standing Committee of Internal Economy, which deals with revisions to the guidelines for senators' research expenditures. Senators will recall that I tabled that report earlier this day. These two reports are somewhat complementary to one another and I think they should be dealt with at the same time.

Honourable senators, you may remember that the intersectoral committee approved the use of funds from the individual discretionary research budgets to bridge the gap between the end of the fiscal year 1988-89 and the approval of new applications to the ad hoc committee dealing with research fund applications. This could have created some hardship, especially for those senators who employed as researchers people whose contracts extended into the new fiscal year.

The Fourth Report also informs the Senate that the guidelines are being reviewed by the ad hoc committee in consultation with the leadership of the Senate, and I hope that we can, in fact, receive and dispose of applications within a very short time.

On motion of Senator LeBlanc, reports adopted.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, APRIL 20, 1989

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 7

OFFICIAL REPORT
(HANSARD)

Wednesday, April 19, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, April 19, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN COMMONS GALLERY

The Hon. the Speaker: Honourable senators, the Minister of Finance will deliver his budget speech in the other place on Thursday, April 27, 1989. May I be permitted to remind honourable senators that no one but senators will be admitted to the Senate Gallery of the House of Commons on this occasion. This step is being taken for the purpose of providing accommodation in the gallery for as many senators as possible and so that some senators will not be excluded from the gallery because of places being occupied by relatives and friends of other senators.

INCOME TAX CONVENTIONS BILL

FIRST READING

Hon. C. William Doody (Deputy Leader of the Government) presented Bill S-2, to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

COMMITTEE OF SELECTION

THIRD REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Wednesday, April 19, 1989

The Committee of Selection has the honour to present its

THIRD REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on the following select committee:

SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Atkins, Balfour, Bolduc, Bosa, Cogger, Cools, Davey, Kirby, Leblanc (*Saurel*), Marsden, MacEachen (or Frith), Murray (or Doody), Simard and Stewart (*AntigonishGuysborough*). (12)

Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be now adopted.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

SELECT COMMITTEES

AUTHORIZATION TO MEET DURING ADJOURNMENTS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That for the duration of the present Session any select committee may meet during adjournments of the Senate.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 2, 1989, at two o'clock in the afternoon.

He said: Honourable senators, by way of explanation I should like to say a word on the motion. Once again, it is a matter of the legislative schedule before this place. We are expecting a number of bills on the order paper in the House of Commons to arrive here soon, but they probably will not reach

us for at least another week. In the meantime, the budget will be brought down on Thursday next. So when we come back the following Monday (*sic*), we will be in a position to discuss matters arising from the budget and be prepared to handle any legislative matters that have come from the other place.

One bill will be presented in the Senate today, and I understand that the appropriate Senate committee will be in a position to deal with it during our recess next week so that no time will be lost in dealing with the business before us.

I thank honourable senators for their cooperation.

The Hon. the Speaker: Senator Doody, your motion says that the Senate will adjourn until Tuesday and you said "Monday" in your comments.

Senator Doody: Your Honour, that is one of my old work habits. I am one of those Monday-to-Saturday people. I should have said "Tuesday".

Senator Frith: Every morning you head for that old barn!

Senator MacEachen: He is an extinct species!

Motion agreed to.

QUESTION PERIOD

THE ECONOMY

INCREASE IN INTEREST RATES -GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I read carefully the reply that I received from the Leader of the Government respecting the government's action on interest rates and related matters. From that careful reading I take it that all the government intends to do to deal with this very serious problem is to bring down an austere budget on April 27 in the hope that somehow that will relax the so-called pressure on the monetary authorities and on interest rates. Is that all the government leader intended to say and is that the whole of the action the government intends to take to deal with this very serious problem?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can only reiterate what the Governor of the Bank of Canada has said, that with an appropriate fiscal policy monetary policy would not have to carry an undue share of the burden of fighting inflation. Therefore, the Governor of the bank has indicated in several speeches I have read that, if the government does its part in terms of fiscal policy, it will be possible, over time, to ease up on interest rates.

The honourable senator asks what the government is going to do. The government, consistent with the approach that we have taken since 1984, will follow a responsible and appropriate fiscal policy that will be outlined on Thursday, April 27, by Mr. Wilson, the Minister of Finance. Meanwhile, as I indicated yesterday, there are various policies that mitigate the impact of high interest rates on certain regions and groups. In

particular, I drew my honourable friend's attention to the programs of the regional agencies that provide for what are commonly called "interest rate buy-downs" to encourage industrial expansion and diversification in the Atlantic provinces and in the western provinces.

Senator Olson: I take it then, since the deputy leader has advised us that we will not be sitting next week and senators will be back in those regions of the country that they come from, that I can report to those people that the government does not intend to do anything about this problem, except to bring in a budget that will bring on a depression and, therefore, lower the inflationary pressure.

Senator Murray: My honourable friend can report to his interlocutors, to his friends, that this government absolutely foreswears the old Social Credit policy of printing money.

Senator Olson: I can report that too, but that is not really what they are interested in. They are interested in whether or not this government is going to follow policies that will allow them to do what good, honest, entrepreneurial businessmen need to do, and that is to have access to loans at reasonable rates so they can carry on their economic activity, and, indeed, even expand their economic activity in areas where it would be warranted except for the enormous interest costs that have occurred as a result of the monetary policy in place in the last three or four months.

I just want to know if my interpretation is correct: Is what the government has done up to now, plus bringing in an austere budget, all it intends to do?

Senator Murray: Honourable senators, assisting business to invest and to expand is precisely the goal of a number of programs to be found in the Department of Regional Industrial Expansion or, as it will be called, the Department of Industry, Science and Technology. It is precisely the goal of the regional agencies, and these policies have had and are having quite remarkable success as evidenced by the increase in investment in the western provinces and in the Atlantic provinces and in the very remarkable record of job creation and the decline of unemployment in those regions.

Senator Olson: Honourable senators, the government obviously needs to have some new listening posts if it thinks there has been some remarkable progress in maintaining and expanding economic activity during the past two or three months in western Canada, particularly in Alberta where there was every other kind of justification for some economic expansion. If the Leader of the Government is receiving reports now that there has been some remarkable success because of being able to apply to some regional agency for a buy-down of interest rates, I want him to know that he is absolutely wrong. That is not the consequence of these high interest rates. The consequence of these high interest rates, or any other government action, is the fact that economic activity is cooling off dramatically in some cases because of discouraging businessmen from taking loans at these rates. Therefore, I ask the government if it intends to get a more accurate reading of what, in fact, is taking place in the real world.

● (1410)

Senator Murray: Honourable senators, I think our reading of what is happening in the regions and in the country as a whole is quite accurate. As I have indicated, it is our determination, by following the appropriate fiscal policies, to avoid the deplorable situation in which the country found itself, with stagflation and interest rates reaching 20 and 21 per cent, because of the misjudgments and mismanagement of our predecessor in office.

Senator Perrault: That's ridiculous, and you know it. It's sheer garbage!

Senator Olson: We can take it, then, that that is all the government is going to do.

[Translation]

CANADA—UNITED STATES FREE TRADE AGREEMENT

DEFINITION OF "SUBSIDY"—POSITION OF GOVERNMENT

Hon. Philippe D. Gigantès: Honourable senators, I have a question for the Leader of the Government in the Senate. In the House of Commons, Mr. Crosbie said:

We all know that during the negotiations which led to the signing of the Free Trade Agreement, we could not agree with the United States . . . on a common definition of unfair subsidy.

How can one reconcile what Mr. Crosbie just said with what Prime Minister Mulroney told the *New York Times* on June 3, 1987, that Canada would not sign an agreement which did not exempt Canadian exporters from U.S. "fair trade" laws.

Did the Prime Minister not understand the connection between the definition of subsidies and countervailing duties? Or is Mr. Crosbie lying now? Was the Prime Minister lying then? What is the truth, please?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, my friend will have to rephrase his question to make it less offensive if he wishes to obtain an answer from me.

Senator Gigantès: I would not wish to offend the sensitivity of the Leader of the Government in the Senate. Is Mr. Crosbie telling us the truth now? Is that what he understands now? Did he understand before? Did the Prime Minister understand what Mr. Crosbie tells us he understands now?

There is nothing unparliamentary about what I said. I would like you to give us an explanation because there is a contradiction between what the Prime Minister promised and what Mr. Crosbie tells us he knew all the time. I believe that you should answer.

Senator Murray: The contradictions exist only in the honourable senator's mind.

Senator Gigantès: Honourable senators, I feel that is evading—

[English]

It is to dodge a legitimate question.

Senator Flynn: It is not a dodge at all. I disagree.

Senator Gigantès: The question has to do with what we were told before the election and what we are being told right now. It is quite similar to what Mr. Crosbie said back in 1979: "If we told the people the truth, they would not elect us." If you do not answer, you are refusing to deal with a profound issue of public ethics.

Senator Murray: Next question!

THE ECONOMY

ATLANTIC PROVINCES—IMPACT OF REDUCTION OF FREIGHT ASSISTANCE PROGRAMS

Hon. Charles McElman: Honourable senators, I have a question for the honourable Leader of the Government in the Senate. It has to do with the concern being expressed that action might be taken to reduce the subsidies payable under the Maritime Freight Rates Act and other legislation. Let me say at the outset that I cannot imagine any government interfering very much with these traditional elements of assistance for industry in the Atlantic provinces to conduct appropriate trade with the central and western regions of Canada. However, concerns are being expressed.

If I may, I will just briefly read a couple of paragraphs from a letter that has been addressed to the Right Honourable Brian Mulroney, Prime Minister, by the Honourable John Buchanan, Premier of Nova Scotia, on behalf of himself and his colleagues, Premier McKenna and Premier Rideout, who constitute the Council of Maritime Premiers. The brief reference is this:

Your government will recall the 1983 study commissioned by Transport Canada and carried out by James F. Hickling Management Consultants Limited which determined that, in a worst case scenario, removal of the MFRA—

That is the Maritime Freight Rates Act. For the edification of honourable senators unaware, I might say that this provides for assistance for the movement of goods out of the maritimes to central and western Canada as well as from those provinces into the maritimes.

The letter continues:

—removal of the MFRA/ARFAA Program—

which is the more recent act, the Atlantic Region Freight Assistance Act. The letter continues:

—would result in job losses in the region totalling 12,100 and annual income losses to the region of \$330 million in the "select territory".

My fellow Premiers and I believe that the elimination or reduction of the Atlantic freight assistance programs would have an even greater economic impact on our region today.

In addition to the Council of Maritime Premiers, the Atlantic Provinces Transportation Commission has been signalling all of its industrial members along the same lines.

Since the Leader of the Government in the Senate is very familiar with the background of these programs and the value of these programs, I ask him to make representations to the Prime Minister and, in particular, to the Minister of Finance to ensure that there is no interference with the continuation of these programs.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall certainly convey my honourable friend's representations and, if this matter turns out as he hopes it does, I trust he will be quick to give credit where credit is due.

Senator Frith: Precisely.

Senator McElman: I have been fair in the past and will continue to be fair in the future.

DELAYED ANSWER TO ORAL QUESTION FINANCE

FISCAL YEARS 1988-89 AND 1989-90—PROVISION OF FUNDS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have an answer to a question Senator Stewart asked on April 4, 1989, dealing with matters relating to finance, special warrants and borrowing by the government.

I can read this if Senator Stewart wishes, or ask that it be printed as part of today's proceedings.

Hon. John B. Stewart: Please have it printed.

Senator Doody: Thank you.

(The answer follows:)

During the period January 19, 1989, to April 1, 1989, four special warrants were issued: three for 1988-89 totalling \$1.5 billion and one for 1989-90 for \$6.2 billion.

The special warrants issued during 1988-89 covered the items included in Supplementary Estimates (B) 1988-89, tabled in the House on December 16, 1988 but not approved as well as items that would have been included in final supplementary estimates.

The special warrant issued for 1989-90 is to provide initial funding for the new fiscal year to allow time for Parliament to consider a supply bill.

Further details will be available in a report that the President of Treasury Board will table shortly on the use and amounts of special warrants.

All special warrants issued were in full accordance with Section 30 of the Financial Administration Act as approved by Parliament.

The government has borrowed money in 1988-89 and in 1989-90 under authority of Section 47 of the Financial Administration Act. The authorized borrowings are as follows:

- March 31, 1989 —\$750 million, 35 day Treasury bills
- April 5, 1989 —\$1000 million, 37 day Treasury bills
- April 7, 1989 —Part* of the issue of \$650 million of 3 and 6 month Treasury bills
- April 14, 1989 —Part* of \$550 million of 3 and 6 month Treasury bills

* Partly authorized by the redemption of Canada Savings Bonds, which in turn had been issued under borrowing authority Acts of Parliament.

INCOME TAX CONVENTIONS BILL

SECOND READING

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill S-2, to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, this bill deals with three tax treaties under review. All three follow the general pattern of treaties previously approved by Parliament. The number of tax treaties presently in force in Canada is 46. The total number, of course, will be 49 once these three conventions, which are now under study, are ratified.

• (1420)

The main elements of these three tax treaties, honourable senators, are as follows: They provide generally that dividends may be taxed in the source country at a maximum rate of 15 per cent. However, in the case of dividends paid by an enterprise which is a resident of Luxembourg, a 5 per cent rate will apply if the Canadian company receiving the dividends holds an equity interest of at least 25 per cent in the company paying the dividends.

Reciprocally, in the case of dividends paid by a Canadian enterprise, a 10 per cent rate will apply if the company receiving the dividends is a resident of Luxembourg and holds an equity interest of at least 25 per cent in the company paying the dividends. Similarly, in the case of dividends paid by a Papua, New Guinea enterprise, a 25 per cent rate will apply if the company receiving the dividend is a Canadian resident; while, in the case of dividends paid by a Canadian enterprise, a 15 per cent rate will apply if the company receiving the dividends is a resident of Papua, New Guinea.

However, this treaty contains what is commonly referred to as a "most favoured nation" clause. That is the Papua, New Guinea section. This clause provides that, in the event that Papua, New Guinea accepts a rate lower than 25 per cent in a treaty with another country, that lower rate will apply to dividends paid to a Canadian resident. Finally, in the case of

dividends paid by a Polish enterprise to a resident of Canada, a maximum rate of 15 per cent will apply.

In the case of interest paid by a resident of one country to a resident of the other country, a general rate of 15 per cent will apply—10 per cent in the case of the treaty with Papua, New Guinea. There are, however, a number of exceptions.

In the case of Luxembourg, the interest paid in respect of a bond or similar obligation of the government, a political subdivision or local authority thereof is exempt in the country in which it arises. Also, all three treaties contain a provision that would allow that interest paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured by certain state entities—in Canada, the Export Development Corporation—be taxable only in the state where the recipient of such interest resides.

With respect to royalties, the conventions provide for a general rate of 10 per cent in the source country. Copyright royalties are exempt in the case of Poland and Luxembourg.

Some of the other matters also dealt with in these tax treaties include capital gains. The treaty provisions dealing with capital gains reflect the standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

Under the conventions, discrimination on the basis of nationality is prohibited, thereby ensuring nationals of a country equal treatment with nationals of the other country in the same circumstances. However, this does not prevent a country from providing fiscal incentives—for example, the small business deduction—on the basis of the residence of the taxpayer.

Canada has preserved its right to tax pensions paid to residents of the countries included in this bill. However, in the case of Poland and Papua, New Guinea, the maximum rate of tax applicable to pensions paid to residents of these countries is 15 per cent. It is also provided that pensions received from Poland under the social security law of Poland shall not be taxable in Canada so long as they are not subject to Polish tax. Also, pensions paid by Luxembourg for services rendered to that state are exempt from tax in Canada. Finally, war veterans' pensions are generally exempt from tax under all three treaties.

The treaties provide that, in Canada, double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit, in accordance with the limitations provided for in the Canadian legislation. In addition, dividends received by a company resident in Canada from the exempt surplus of its foreign affiliate resident in a treaty country are exempt from tax in Canada. Reciprocally, relief from double taxation is granted in the other treaty country in accordance with the method recognized by that country.

The agreement with Papua, New Guinea, also contains a "tax-sparing" provision under this provision. The tax incentives granted by the domestic legislation of Papua, New Guinea, will be recognized in computing Canadian tax, and therefore Canadian residents will be allowed to deduct the

amount of tax which would have been payable in the absence of the special incentive legislation in this country. On balance, the terms of the tax conventions provide some equitable solutions to the various problems of double taxation existing between Canada and these countries.

Each of these countries hopes to implement the bilateral tax treaty as soon as possible, and, consequently, I commend this bill to the most favourable consideration of this chamber.

I should also like to take this opportunity of thanking honourable members opposite for their courtesy in allowing this bill to get second reading in the chamber today. I understand that there is a high official from the government of Poland who will be visiting Canada in the very near future, and it is hoped to have this bill ready for signing by him at that time.

● (1425)

It would be our desire to have this bill go to the Standing Senate Committee on Foreign Affairs. Any questions that senators have can be put to the appropriate departmental people, or to the minister for that matter, at that time.

Hon. John B. Stewart: Honourable senators, I wonder whether Senator Doody could tell us what time limitations would have to be met by the committee in order to accommodate the government.

Senator Doody: It is my understanding that the delegation of senior people from Poland will be in Ottawa on May 8. Of course, the bill must go to the House of Commons before it comes back here for Royal Assent, so that time frame is the one in which we find ourselves working.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, if I may, I have just a word to say on the bill presented by the Deputy Leader of the Government. It is true that in the past Parliament has been asked to deal with quite a number of tax agreements or tax conventions with other countries. If these three are approved, the deputy leader tells us, the total will stand at 49. He has also said that this particular set of agreements conforms to the standard or the formula or the pattern or the model that has been employed in the past.

I thank the deputy leader for the detail which he has given and which undoubtedly will be examined further in the committee. That, then, is about the extent of my comments, because I, like the other members of the committee, will have an opportunity to hear whatever witnesses the government wishes to bring forward. May I just conclude by saying that, while we are prepared to deal with this bill as a matter of urgency, it would please us much more if the government were to bring forward the child care bill, which was dealt with so forcefully yesterday by the Deputy Leader of the Opposition, who recalled to mind the urgency that had been attached by the government to that particular bill.

Our disappointment is even greater in knowing that today in the House of Commons the bill under discussion concerns off-track betting. There is no sign whatsoever that the child care legislation is now a priority of the government. Maybe

that disappointment will be eliminated soon by a disclosure from the government that the bill will come forward, carrying with it the commitment made by the Prime Minister that \$6.4 billion will be provided for the purpose of creating day care spaces in Canada.

Honourable senators, I recall that, when the Deputy Leader of the Opposition asked the Leader of the Government about the possibility of the child care legislation coming forward, he said it might depend upon a consensus in the House of Commons to deal with that bill quickly. I urge him to have his colleagues seek such a consensus, because I believe he would find members of the opposition parties in the House of Commons as eager to deal with that bill as we on this side of this chamber are.

Honourable senators, once again I thank the Deputy Leader of the Government for his explanation. We are quite prepared to deal with the bill quickly so that, presumably, a signing ceremony can take place between the high officials from Poland and Canada. I am sure the government will seize the opportunity to comment with the Polish authorities about the spectacular developments that are taking place in that country. The democratization, the establishment of an elected second house, and a general opening of that society are certainly developments that no one could have expected several years ago.

● (1430)

It is timely that Canada receive Polish authorities, which will give the country an opportunity to congratulate the authorities on what is taking place and encourage them to continue on the same path.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I cannot resist the temptation to observe that what we are seeing today with regard to child care is rather in the nature of crocodile tears being shed for an initiative—a bill—which my honourable friends opposite had ample opportunity to pass last autumn, but declined to do so.

Senator Frith: The full opportunity was the government's.

Senator Murray: That bill would now be law were it not for the fact that honourable senators opposite were more preoccupied with the government's timing of dissolution and a general election.

Those games, however, are behind us. I am glad to hear from the Leader of the Opposition in the Senate of the eagerness of his counterparts in the House of Commons to pass the bill if it is brought in by the government.

Senator Frith: That is not what he said.

Senator Murray: I do not doubt that.

Senator Frith: He said child care legislation. Let us see your legislation. I hope you are going to improve it.

Senator Murray: I understood the Leader of the Opposition to state that his counterparts in the other place would deal expeditiously with the matter if it were brought before them.

[Senator MacEachen.]

The fault, however, lies not with the House of Commons. The House of Commons dealt with the bill eventually last time.

The Leader of the Opposition in the Senate has given no undertaking whatever about what he and the majority in this chamber will do when they receive child care legislation. I would be very happy to hear, and I will hasten down the hall to convey any undertaking from the Leader of the Opposition on behalf of his colleagues to the effect that child care legislation will be dealt with in the same expeditious manner that the bill now before us is being dealt with. I am all ears and I await any such firm undertaking. I shall hasten to convey it to my colleagues in the House of Commons.

Senator Frith: Honourable senators, I know how the Leader of the Government feels. It is often hard to resist temptations. I am unable to resist the temptation to complete, briefly, the record on the matter he raised in his intervention on this taxation bill. The responsibility for not passing the government's bill on child care in the last Parliament was the responsibility of the government's, because the government refused to wait—what? Weeks, months, days? No, hours! They refused to wait the hours. If games were being played, the games were being played by them.

The second point that I would like to make is that I welcome what is apparently a new, very open initiative from this government, in that it does not want to introduce legislation until it has had an undertaking from the opposition in the Senate that it will deal with it expeditiously. I like the thought that the government would come to us and consult us on the legislation and ask whether we would give it expeditious approval before introducing it in the House of Commons, the legislation for its own merit, and take the responsibility for it, without first getting an undertaking from the opposition in the Senate to give it expeditious treatment.

Senator Doody: Honourable senators, being a great resister of temptation, I should like to refer briefly to Bill S-2, which is now before us, and ask that it be given second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Foreign Affairs.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Everett*). (5th day of resuming debate).

Hon. Douglas D. Everett: Honourable senators, first, I should like to congratulate the mover, Senator Ottenheimer, and the seconder, Senator Bolduc, for their presentations, which were both moving and had a great deal of worthwhile content.

Second, although he is not here, I should like to say how pleased I was to learn of the reappointment of the Speaker to his office. He has served in that office with grace and originality, and I am sure every member of the Senate is pleased that he will continue to preside over our deliberations as he has in the past.

Some Hon. Senators: Hear, hear!

Senator Everett: Honourable senators, in dealing with the Speech from the Throne, I should like to deal specifically with the deficit. As honourable senators are aware, it is in the neighbourhood of \$29 billion. Out of a total budget of \$132 billion, some \$32 billion is composed of interest on the public debt. In fact, the deficit is comparable to the interest on the public debt at this time. That total debt aggregates some \$320 billion, and \$160 billion has been added to it in the last four years.

To put it in the context of our economy, the deficit in 1983 was 6.2 per cent of the gross national product and in 1988 it is 3.1 per cent. The public debt, on the other hand, was 20.6 per cent of the GNP in 1983, and in 1987 is 36.2 per cent of the GNP.

We have had dire warnings of what will happen if we do not drive the deficit down. We are told that it will drive up interest rates. We are told that it will prevent us from meeting our priorities, most especially our social priorities. We are even told by some that it will grow to the point where it will eventually consume our entire budget.

When we get to that kind of hyperbole, it is probably worthwhile to look at some of the fictions about the deficit. Most of the people who talk about the deficit say that the expenditures are for excess consumption. That may be true, but one should recognize that the federal government operates on a cash basis. That means that the budget includes capital expenditures. A corporation would capitalize those expenditures and write them off over a period of years and, in many cases, would be quite willing to borrow to meet those expenditures.

● (1440)

It is said that deficits increase interest rates. I know of no direct link between deficits and interest rates. Indeed, history disproves that there is one. If one looks at the last few years, when we have had extremely high deficits, for a good portion of that period we have watched interest rates come down. Recently they have started to go back up, especially in the short-term sector, but during the period when the deficit was as endemic as it ever was, both here and in the United States, interest rates have gone down; they have not gone up.

It is true, of course, that, if a deficit creates inflation, eventually you will have high interest rates. However, no one

can show me empirically that there is any relation between deficits and high interest rates.

There are then those who say that deficits crowd out so many things. For instance, they crowd out other expenditures. However, that depends entirely upon monetary policy. The fact that you have a deficit does not necessarily crowd out other expenditures so long as there is in place a reasonably expansionary monetary policy and money in the system.

It is said that a deficit crowds out private borrowers; that they cannot borrow money. Can anyone show me, in the last few years, instances where borrowers have been unable to borrow money? On the contrary, it has been as easy as pie to borrow money in the last few years.

There are those who say that deficits will drive us into the hands of foreign lenders and that they will own Canada. Honourable senators, the reason borrowers, businesses and governments borrow from foreigners is that they usually get a better rate. When we borrow, we get Canadian dollars. There is a myth that somehow we are borrowing foreign currency. We are not. We are converting that currency to Canadian currency and we have full control over it through our monetary policy. Usually the debt is denominated in Canadian dollars and, so long as we can service it through our foreign earnings, it is merely a more efficient way of getting our money than any other way. However, if we cannot service it, then the effect is not on crowding out; the effect is on the value of our currency. Indeed, if our currency falls in value due to the fact that we cannot service our foreign borrowings, then, of course, there are consequences for inflation. However, I would say this about borrowing from foreign sources: it indicates that the lender, at least, has confidence in the ongoing strength of the Canadian dollar, even if we do not.

Honourable senators, it is said that consumption takes so much that there is no room for savings and investment. Again, over the past few years, when we have had deficits, there is no evidence that investment has diminished. As far as savings rates are concerned, there has been a drop in the savings rates, but that has been caused more by the availability of cheap money, due to an expansionary monetary policy, than it has by any other reason. In fact, I will guarantee that, now that the Bank of Canada has embarked on a more restrictive monetary policy, there will be a considerable increase in the savings rate of Canadians.

It has also been said that deficits stimulate the economy. That is undoubtedly true, but by how much? How important is it? The present deficit adds 3.1 per cent to the gross national product. As against the effect of monetary policy, it is extremely insignificant.

Again, in these conversations that people have about deficits there are fictions about interest rates. They say that interest rates are set by the central bank. To an extent, that is true, but, to a greater extent, interest rates are nothing more than the price of money. Short-term rates reflect the direction of monetary policy. Long-term rates reflect inflation and the expectation of inflation. There is no question that interest rates

do have an effect, but they are more a reflection of the state of monetary policy than they are an instrument of control themselves. There are, of course, those who say that the very increase of interest rates is inflationary. It is true that, if you increase interest rates, you increase costs. However, as I have said, increased interest rates are the result of restrictive monetary policy, and, in time, increased interest rates will tend more to diminish an inflation than to add to it.

There are also people who say that the way to deal with deficits is not through gradualism; that the only way we can deal with a deficit is to cut out entire programs. Honourable senators, every time we have tried that method in the past we have engendered an enormous political resistance, and the result of it has been that governments have had to back away from doing the very thing that they should do. I would reject the idea that there is no such thing as gradualism, because I think proper management of the economy is far more important than going around with a broad axe, trying to slash programs. For political reasons, that is probably not going to be effective.

It is true that all of the criticisms of deficits can occur in an economy where we have a restrictive monetary policy. Therefore, we cannot dismiss those criticisms out of hand. However, the real effect of a deficit is upon monetary policy itself. A deficit can, if it continues—and continues at a high rate—force the central bank to increase the money supply. Even by the nature of its existence it works against the effective use of monetary policy. Indeed, it can cause monetary policy to be more restrictive than it need be. Also, because monetary policy is such a blunt instrument, and because you cannot regionalize it, you can create a situation in which you are too restrictive and throw the economy into a recession. So, in looking at the deficit, the real problem that we deal with is the problem of inflation. That is what we have in Canada. We have a very serious underlying inflation that could go out of control very quickly. It must be licked. The problem with the deficit is that it makes it more difficult for monetary policy to act on that problem.

● (1450)

What should we do? I believe we should continue our restrictive monetary policy and be prepared to stay with it for some considerable length of time. I notice there are predictions that, by the fall, I believe, we will be back to low interest rates again, that the economy will begin to expand, and that really this is just a short-term problem. Indeed, the strong stock market is reflecting that it is a very short-term problem. In fact, if we look at recent history, the lags are much longer than they used to be. If we look at how long it took to squeeze inflation out the last time and how long it took to recover from the consequent recession, we realize that staying with it and having the political will to back the Governor of the Bank of Canada in his policy is absolutely essential.

There is a bright note, however, and that is that the lags are largely controlled by the expectations of continuing inflation. What we have is an inverted interest rate curve. That is, short-term rates are considerably higher than long-term rates.

[Senator Everett.]

As I said before, short-term rates reflect the monetary policy of the central bank; long-term rates reflect the expectations of continuing inflation. Short-term treasury bills of 90-days' duration are around 12.35 per cent. Eight-year Canada Savings Bonds are in the neighbourhood of 10.4 per cent, some 200 basis points lower. Indeed, ten-year bonds, I believe, are down around 10.1 per cent. So that is a happy note. It indicates that there is a feeling that inflation will be licked. If that is so, it makes the lag less long.

There is, however, one stricture on the policy of the Bank of Canada in trying to continue its restrictive monetary policy—there are always strictures in these things—and that is that they must keep an eye on our exchange rate policy. If they continue to keep the spread in interest rates too high, then our exchange rate will move up, thereby restricting our exports and making it much more difficult to keep our export volume up, which is so important to our economic well-being.

So I believe that monetary policy is the prime mover in this whole equation. However, the deficit exists and the deficit does proscribe the use of monetary policy, so there is no question that we have to attack the deficit, but we must do so for the right reasons.

One happy situation is that we have a government that has just received a mandate and, therefore, can fend off the special interest groups that will assault them for trying to cut into choice and favoured programs. There have to be strong strictures on spending. I think it is especially important that the government look at social programs.

Social programs constitute 45 per cent of our total budget. There is no question that we should have them. Social programs are the dividends that accrue to individuals in a wealthy economy, and, in relative terms, we are a very wealthy economy. So they should continue. We should be able to look after people. There should be landing nets. However, we must manage them better. If we are going to have them and, indeed, continue them, we must use our resources properly and manage them better than we manage them today. The choice is: Do we cut them out? No. Do we manage them better? Yes. That leads me to the question of universality. There is no question in my mind that, if we want to preserve the programs, then the expenditures should be made according to need. We have a tax system that can provide an assessment of that need without in any way compromising the dignity of the individual. There are people who will say to you, "Oh, we have to have universality, because, if we don't have universality, it means that a certain segment of the public doesn't benefit from the program and will, therefore, be against it." I do not believe that is the case. I do not believe that because somebody does not receive a certain social program he or she will automatically say that it should not be available to anyone else.

There are those people who say, "We don't have to worry about it, because for the wealthy or the well-to-do or the middle class we tax it away." The fact of the matter is that taxation only takes back a portion of the expenditure, and with tax reform that portion is even lower. So I believe that we should, as a matter of preserving our social programs, have a

real look at universality and say that people who earn above a certain threshold will not get the benefit and people who earn below that threshold will get a real benefit.

With respect to medical care, I believe that we should introduce a user fee, not payable by those who cannot afford it but payable by those who can. Frankly, I think we should allow doctors to extra bill, but we should say to them, "If you extra bill, the government will pay you less than if you bill according to the schedule." In other words, if a doctor wants to extra bill, he will get, say, 75 per cent of the schedule, and if he does not extra bill, he will get 100 per cent of the schedule.

Certainly we should stop subsidizing the well-to-do in such areas as university fees, which is a transfer from those who cannot afford it to those who can.

• (1500)

The other side of the equation from spending is taxation. Of course, we can meet the deficit by increasing taxes. If we do that, then I think we ought to leave individuals alone. We have had tax reform. The idea was to create a greater incentive to people, and I do not think there is anything we should do to wreck that very worthwhile initiative.

As a matter of fact, there is one area I think we should change in tax reform. I understand the Minister of Finance proposes to bring 75 per cent of capital gains into income. I think that is crazy. If you want people to take risks, you should not tax them at a higher rate than what they would pay on dividend income, because that is what will happen. At the present time the tax on capital gains and the tax on dividends is the same. That might make some sense, but to make the tax on capital gains higher than the tax on dividends makes no sense at all.

Leaving individual tax aside, it is interesting to note the situation with respect to corporate taxes. In 1977-78 corporate taxes provided 17.7 per cent of the budget income. Ten years later that had dropped to 11.9 per cent. Therefore, corporations are not paying their fair share.

A good part of the reason is that we create tax incentives. We say to corporations, "If you do this or that, you will reduce your taxes." They are not dumb, so they respond, "We will do that." If we want to continue with that, then inevitably corporations will pay less taxes, but, if we want to cure that, I think a great deal more tax dollars can be raised from corporations. I would love to see the reaction of the corporate chiefs, who are saying that we have to cut the deficit, if their taxes were increased; I would love to hear what they would say then. It would be wonderful to see them put their money where their mouths are, but that is just a personal opinion.

Honourable senators, we have the opportunity and the likelihood of a national sales tax—in fact, a tax on consumption—and this I would personally endorse. I think that in its initial stages it will have an inflationary effect, because it will add to prices, but in the long run, because it is a tax on consumption, I think it will be a marvellous way of raising funds so long as it is comprehensive and so long as there is some tax credit for low-income people.

Finally, my prescription would be to have the government at least talk to the Premier of Ontario in order to try to slow down some of the expansionary policies in that overheated economy.

Honourable senators, the second area I should like to deal with very briefly is the area of unemployment insurance. We are all aware of the shortcomings of that program. It has become an income-support mechanism for certain regions of the country. People have learned to work the system by working for the term of the eligibility period, laying off, and then again working for the eligibility period. I remember that, when the Standing Senate Committee on Finance published its report entitled "Growth Employment and Price Stability", our witnesses estimated that unemployment insurance added at least 2 per cent to the natural rate of unemployment. The reason was that the structure is based upon short-term employment and it encourages people to stay on unemployment insurance rather than to work or to take training.

The new policy proposes that more funds be directed to training, that the qualifying period be increased, the benefit period reduced, and that benefits be cut off for those who quit without cause or who are fired for cause or who refuse a suitable job or training. On the other hand, the proposal would increase maternity benefits, incorporate sick leave into those maternity benefits, and allow people over 65 to continue to participate in the program, which they cannot do now.

I think this is probably the first step towards making the system a true insurance system. It is gratifying to see that more money will be spent on training, although perhaps it should be separated entirely from the system so that, instead of training funds being more readily available in areas of high unemployment, they would be available to those who could benefit from the training.

As a matter of fact, in the Finance Committee report on Canada Manpower we suggested that there be a great increase in training provided by the private sector. We found that too much training was provided through government operations and it was very often not relevant to the kinds of jobs that were being offered in the private sector. At the time we recommended that the government buy training programs from the private sector, thereby having programs that would better relate to the kinds of jobs that were available.

What the amendments seem to do is to reduce the tendency to work the system and to increase the mobility of our work force. They do not deal with the problem of income support in the regions that require assistance. In that regard I should have thought that it would have been better to separate the problem of income support from the whole question of unemployment insurance. However, I do commend the government for taking a step—and a serious step—towards making the system a proper insurance system.

Finally, honourable senators, I should like to speak on the question of federal-provincial relations. I think the climate, as the Leader of the Government has said, has improved. The Prime Minister has been making an attempt and has a knack

for getting along with people. He has done a good job of bringing the premiers more into the decision-making process, although one has to question whether he has not given away too much and whether we are in danger of losing the strength of our central government in the governing of our affairs.

I should like to deal briefly with the Meech Lake Accord, although I think that is for another time and another speech. I do believe, however, that the questions arising from Meech Lake should be submitted by reference to the Supreme Court. We should know how the court would interpret the words "distinct society" and also what is meant by "programs compatible with national objectives".

● (1510)

I should like to deal with the question of the "notwithstanding" clause, which is section 33 of the Constitution Act of 1982. It has come to the fore because it was used by the Government of Quebec to override the Charter of Rights in respect of Bill 178.

Mr. Bourassa says that he used the "notwithstanding" clause but that, had Meech Lake been in force, he could have done what he did by virtue of the operation of the "distinct society" clause. True, there are those who disagree with him, but Mr. Bourassa says, nonetheless, I believe, that he could have used the "distinct society" clause.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have heard that statement made before and by quite eminent people, as is the case today.

A very diligent search of the record yields no documentation for the statement which the honourable senator and others have attributed to Premier Bourassa. On the contrary, he has been at some pains on several occasions to state that there would never be any question in his mind—and I think the reasons are obvious—of trading the "notwithstanding" clause for the "distinct society" clause. The "notwithstanding" clause is a far more powerful and drastic weapon in the hands of any government than an interpretive clause in the Constitution.

Senator Everett: Then I stand corrected. I think that Quebec has used the "notwithstanding" clause extensively in most of its legislation.

Senator Murray: Previous provincial governments in Quebec have.

Senator Everett: That is quite right. I think it has been used quite widely by them. I do not have much disagreement with that. It is there; it is in the Constitution. If they use it, we can condemn the use of it, and it has a five-year life. However, it has become the vogue to say that the "notwithstanding" clause must go, that it is a fatal flaw in the Constitution, and that the Constitution should protect the inalienable rights of the individual.

It is my feeling that the clause should not be removed. There is no guarantee that a charter or a bill of rights or a constitution protects inalienable rights. It is how they are interpreted; it depends on who interprets them.

[Senator Everett.]

I think one can look at the constitutional history of the United States to see how interpretations can change. I do not think it is too long ago that the Supreme Court of the United States was talking about "separate and equal" as part of the constitutional law of the United States; that blacks should be "separate and equal." Now they have come round to another interpretation entirely. So I do not think we can depend on a court for the final say. It seems to me that the final say in a democracy as to how one interprets a charter is with the legislatures. They should make that determination. They should be reluctant to do so, and the strictures and the condemnation against them should be severe if they try, and the five-year rule is a good rule. I for one would not like to see the "notwithstanding" clause taken out of the Constitution.

Finally, honourable senators, we have Bill 178. I for one am a supporter of, and I think many Canadians who live in my region of the country have been supporters of, bilingualism in Canada. Sure, there was a great deal of resistance to it, but, nonetheless, there has been, over the years, an increasing acceptance. French immersion courses in western Canada are booming, as I believe they are throughout the rest of Canada. There has been an increase in the number of bilingual Canadians. It has become a form of social and political distinction that you can speak both languages. Many countries in the world take the attitude that all Canadians are bilingual, and that is what makes us distinct from other countries.

The Official Languages Act has been a success. It has guaranteed services in both languages in our federal institutions and in our courts. It has allowed federal public servants to do their business in either language. Our public service reflects the linguistic duality of Canada. Now, as the Leader of the Government in the Senate has stated, we have the Official Languages Enhancement Program that has been endorsed, I think he said, by four or five provinces.

But something has happened. Although we had this success coming along, Quebec has now decided that it will take over the protection of the French language. There is nothing wrong with that. Indeed, the English minority in Quebec has rights far in excess of those of any French minority anywhere in the rest of Canada, perhaps even including New Brunswick.

But what we are looking at is a negative. In Quebec they say you cannot learn English before grade four. English immersion is now banned in the public sector. Bill 178 rejects the expressed direction of the Supreme Court of Canada in respect of linguistic actions. The Supreme Court was generous. It said that the language of both communities should be reflected, that Quebec should protect and promote French, and that French must have supremacy.

But Bill 178 denies the use of English, perhaps in a small way, but it does deny it, and this suppression, I guarantee, will be viewed badly outside Quebec. It revives old feelings of mistrust; it puts our bilingual policy in considerable jeopardy.

I should like to quote Mr. Turner, as I thought he put it rather well in his speech in the House of Commons. He stated:

There is no need to suppress all the other languages to ensure the influential development of the French language. The vast majority of Quebecers, francophones as well as anglophones, show goodwill and immense potential and a profound desire for cooperation.

Honourable senators, I think that feeling was growing in the rest of Canada. I think what Quebec has done has put it in jeopardy and I think that may well be the tragedy.

Hon. Philippe Deane Gigantès: Would the honourable senator accept a question?

Senator Everett: Certainly.

Senator Gigantès: Does the honourable senator seriously equate whatever Quebec may have done to anglophones with what has been done in his province, in Alberta and Saskatchewan to francophones over the ages? Does the honourable senator think that some attempts by an élite in the west to send their children to immersion classes compares in any way, in terms of offence and pressure against a linguistic minority, with whatever may have been done in Quebec for the anglophones, where they have their own universities, their own hospitals, their own school boards and a verging press. They have not been oppressed the way the francophones have been in the west.

• (1520)

Senator Doody: Question!

Senator Gigantès: Even recently in Saskatchewan and Alberta, Quebec has a proud record—whether or not one agrees with the use of the “notwithstanding” clause and Bill 178. The treatment of anglophones in Quebec is still a model for the treatment of minority languages in other parts of Canada. How can you possibly compare the two?

Senator Everett: Well, if you are trying to settle old scores, I do not disagree with you; but the whole idea of the bilingual policy was to try to rectify it throughout Canada, to make people who spoke French and people from Quebec feel at home anywhere in Canada. I am not finding fault, but I think it is a tragedy. I do not think it is necessary. I think you can adequately protect the French language in Quebec by positive legislation. We do not need this negative legislation, and all I am saying to you is, if you have it, what you are going to have, senator, is a reaction, and a bad reaction. You do not need that and you never did need it and you never will need it, no matter what the history was.

Some Hon. Senators: Hear, hear!

Senator Gigantès: Honourable senators, the bad reaction is so very near the surface in Manitoba—

Senator Doody: That is not a question!

Senator Gigantès: —in the heart of its current premier, Mr. Filmon, who led the attack on francophone rights with Sterling Lyon, that it is not very convincing to say that anything Quebec does provokes it. All they look for is a pretext.

Senator Everett: Honourable senator, I do not think you listened to me. I did not say that, but I do want to deal with

the question of the Manitoba language situation. It was not a denial. Manitoba did accede to the direction of the Supreme Court. I talked to the chap the other day who is in charge of translating the statutes. He says they are very much ahead of schedule, and I believe that. I stand to be corrected, but I did talk to the man who was doing it. We acceded to the requirements of the Supreme Court. Don't say we did anything different, because we did accede!

Senator Gigantès: That was Pawley; that was not Filmon or Lyon. They are the two I mentioned.

Hon. Duff Roblin: Honourable senators, I really cannot allow this misrepresentation with respect to the Manitoba question to go any further without some word of correction, because this is not the first time the honourable senator who has just spoken has misrepresented in a gross manner what took place in Manitoba and the position taken there by various people.

The issue that was at stake was not the issue of the constitutional rights of French Canadians in Manitoba—which was never denied by Sterling Lyon. Get that clear! It was never denied by Sterling Lyon! It was another issue that had to do with matters that went beyond the role of the Constitution that Mr. Pawley attempted to incorporate into a new constitutional situation. That was what the argument was about, not the historic rights of the Manitoba Act of 1870 with respect to the use of French in the province of Manitoba. Now, that should be clear, and while one may criticize Mr. Lyon or anyone else with complete freedom, because that is our system, it is important to get the facts straight and to know what you are really criticizing him for.

I may add another point, and while I make no claim for the Province of Manitoba's record with respect to its treatment of French-speaking citizens, it is a matter in which I would take pride in the sense that it has been without fault, because I think it has been without fault. Within recent years—and if I may be so bold as to say since 1960, when I had something to do with the matter—the rights of French-speaking Canadians in Manitoba have been progressively recognized and expanded, and that expansion continued under the regime of Mr. Sterling Lyon, as it did under the regime of Mr. Pawley and as it does at the present time.

I make no claim that the French speakers in Manitoba are on an equal footing with English speakers in the province of Quebec, but I do not think it would be correct to say that there has not been an improvement and a steady recognition of their position in the province over the years; and, as my honourable friend, who has just spoken in an eloquent and able speech this afternoon, made it clear, we in Manitoba will continue to expand the services to French-speaking people in our province. I have no doubt about that, and I think that in the course of reasonable time the matter will be placed on a footing that will be reasonable to all Canadians. But I really cannot allow my honourable friend to distort the facts of the matter as he is prone to do.

Some Hon. Senators: Hear, hear!

Senator Gigantès: I have just been told that I was distorting the facts. I had referred to the behaviour of Mr. Lyon, after he lost power, and of Mr. Filmon. I have their speeches from those days, because I was a journalist. I had to read their speeches and write editorials on that subject in the *Gazette* and I remember their inflammatory comments and how they were behaving irresponsibly.

Senator Flynn: That is because you wrote the editorial from your perspective!

An Hon. Senator: Order!

Senator Gigantès: They did not imitate the wonderfully noble and honourable behaviour of Senator Roblin, who is a great Canadian. They behaved in a manner that was destructive to the unity of this country.

Senator Roblin: I should like to tell my honourable friend what he did say, not this afternoon but the other day. In the spirit of charity, which I now regret, I allowed the statement to go unchallenged at the time, but I will not do so now.

He said, and I read from page 57 of *Hansard*:

... Sterling Lyon, the man who led the fight to deny Franco-Manitobans their constitutional rights ...

That statement is false!

Senator Gigantès: When he was in opposition!

Senator Roblin: He never opposed their constitutional rights and he never opposed the ruling of the Supreme Court in that matter.

Then my friend goes on to call Mr. Lyon "... the main drafter of the "notwithstanding" clause." Well, I have to tell him that while that may be the common impression—it is certainly my friend's impression—that also is an incorrect statement of what took place in those constitutional debates. I want my honourable friend to get close to the facts, and then I will respect what he has to say about me or anybody else!

Some Hon. Senators: Hear, hear!

Hon. Solange Chaput-Rolland: Honourable senators, I am beginning to feel like a jumping bean and I wish to call for your indulgence, because, after this extraordinary exchange in defence of minority rights in English by my distinguished friends, I feel that I do not know exactly whether I should speak French or English, but I will speak the language I wish to address you in, with the greatest respect.

[Translation]

Honourable senators, this is the second time I have the privilege of rising in this Chamber, and if today I use the English language more often than is my habit ...

[English]

because I would like to address myself not solely but primarily to English-speaking colleagues in this house.

It is not easy to stand up here, especially when one is not angry but is infinitely sad. Before I proceed with my remarks, I should like to say to His Honour the Speaker that, along with all of my colleagues, I am very pleased that he has had his mandate prolonged.

[Translation]

Honourable senators, I think I may say, without committing a grave indiscretion, that we have known each other for a long time, and that I find his presence in the Speaker's chair as reassuring as your presence, Sir, today.

The speeches I have heard since I entered this splendid institution have moved, astonished and surprised me. Most of the time I listen with great pleasure.

● (1530)

[English]

I would make the same remarks about the speeches I heard this week by the Honourable Leader of the Opposition and by my good friend, and Siamese twin, Senator Frith. I do find it difficult to accept that the opposition to the government should adopt this tone, these words and these innuendoes. It is difficult to understand such grandstanding from men of quality and integrity, which I do not doubt for one minute. I may sit on this side of the chamber with pride, but do not think I despise anybody who does not sit beside me—here, in Quebec or anywhere else in Canada.

I want to say to Senator Frith that from his list of zeros that was so grandly attributed to Senator Murray yesterday I would not limit the number he would receive in return from me. He gets them all.

[Translation]

Honourable senators, I realize I was not asked to speak again in this Chamber to make frivolous comments on my colleagues which I did to strike a more humorous note in the debate this afternoon but to comment on certain aspects of the Throne Speech.

I would first like to quote the passages I used as the basis for my speech, since I am not a constitutional expert and do not want to impinge on the territory of my eminent colleague, Senator Gérard Beaudoin. Her Excellency said, and I quote:

My government believes the ratification of the Meech Lake Accord is indispensable to the further evolution of the Canadian constitution.

[English]

I take this to mean that not only has the Mulroney government not weakened its trust in the spirit of Meech but that he has, on the contrary, reinforced it, because some pages later Her Excellency states:

[Translation]

... with Quebec at the table as a willing participant, future constitutional development—including the important issues of Senate reform ... will become possible.

And some day I shall, if I may, make a contribution to this reform, because I would not want this process to take place without our input, honourable senators.

Finally, as a French-speaking Canadian, I was somewhat startled when I read:

Today, Canada stands as one of the most dynamic nations; this has been achieved by a people who have

placed the highest priority on the need for tolerance, compassion and fairness.

Remembering all the comments and racial prejudice and misconceptions regarding Quebec's distinct society, I wonder, honourable senators of Canada, where is this compassion, this fairness and this tolerance? Is it what I heard this afternoon in this Chamber? I heard arguments about our French minorities, mostly in English with the exception of Senator Gigantès, bless him.

This week, I was very moved, and I think you must have been as well, when we heard another Liberal member, Mr. Malépart, who may have felt, and I say «may», because I am not privy to his thoughts, the same astonishment and surprise. He decided, in the other place, to speak first and foremost as a Québécois and express his disappointment with the comments on Meech Lake made by several members of his party and a number of his Anglophone and Francophone compatriots. He even went so far as to say, and this certainly astonished me, that he almost wished English Canada would say no to Meech Lake so that if his children ever wanted to say yes to independence for Québec, they would feel free to do so.

A French Canadian and a Québécois, who campaigned on the «no» side of the referendum in more than 58 towns in Québec, together with Madeleine Ryan and the Minister, Thérèse Lavoie-Roux, and who hears this kind of talk, is started, but in her heart and soul, she understands that if Meech Lake gives rise to statements that are incompatible with the spirit of harmony implicit in the Accord... I think it is not surprising that all of a sudden, a French Canadian says: I have had enough. Will it never end, this incredible tug of war between Francophones and Anglophones, between Québécois and the people of the other provinces? Sixty per cent of us said yes to Canada. Is more than 60 per cent of Canada going to say no to Québec?

For a man like Mr. Malépart, who is fighting a disease with which I am better acquainted than most, to have spoken in this way, straight from the heart, he must have felt, like me today, that he had to give vent to his feelings of pessimism. There are times in the life of every human being, men and women, French or English, Québécois or people from other provinces, Canadians or citizens of other countries, there are times when they must give vent to their innermost feelings.

A great French philosopher, Henri Bergson, referred once to a «supplement of soul». This is in fact the crux of our comments, Mr. Malépart's and my own, this additional French soul we find it so hard to accommodate in this country and this institution. What will we do if you say no to Meech Lake? Honourable senators, do you really think that whoever is the next Premier of Québec would ask for less than the man who asked for the provisions in Meech Lake and who proposed them in accordance with our best democratic traditions? Do you really think any Premier would ask for less and that his sons or my son would allow him to do so? I was part of a generation, and this includes many of us here today, that was involved, and I think of other Québec colleagues in this Chamber, in discussions and seminars on radio and television,

in our universities and colleges, and this went on for more than a decade, to find a solution to what was then called the Quebec problem or the Canadian problem.

When we discussed special status for Quebec, a popular subject, you in English Canada understood this to mean particular or privileged status. That is not what we meant.

When the Laurendeau-Dunton Commission, of which Senator Royce Frith was a member, decided to write in its courageous preliminary report that Canada was experiencing the most serious crisis in her history, few Anglophones believed this, but nearly all Francophones in Quebec knew it in their heart of hearts.

Several years later, the Pépin-Robarts Commission realized that Canada would be unable to survive unless Canadians accepted its linguistic and religious duality. Mr. Trudeau casually swept our recommendations into the garbage, where he also relegated Meech Lake.

● (1540)

[English]

Do you know, my English-speaking friends, the effect of such a denial on our history? Do you know what it does to you, when you are a French-speaking Canadian and have fought for this country, to hear that stated in this house, to this government? And may I recall to you, Senator Frith, that on one of the occasions on which you graced our home with your presence as a friend, getting together in the Laurentians with members of your commission to reflect upon the seriousness of the Canadian crisis, you used a phrase that I have never forgotten. I will try to repeat it to you in the same words as you told it to me. You said to my husband and me, in front of Gertrude Laing and André Laurendeau, "If one of my children were to ask me: "Where were you when this country exploded?", Solange," you said, "I would like to be able to answer: "I was there to help it not to explode." Well, you did that, sir, and I want to answer, "I did it too, in my own way."

Your colleagues and your commission at that time had great success in enacting the Official Languages Act. And Senator Everett, you were perfectly right: it has changed the linguistic situation in Canada. Because of the Laurendeau Commission, because of the preliminary report, because of the Official Languages Act, Canada has become an open and more democratic country.

That observation of yours, Senator Frith, convinced me, and many others, that the Pépin-Robarts Commission was also a very valuable institution—and as the great Robert Frost might have said, "At this time in my life I may not have many miles to walk before I sleep, but I have promises to keep—and I intend to keep them."

[Translation]

Mr. Speaker, I made those promises in front of the cameras in my country and in the Province of Quebec on the evening that I learned of my appointment to this institution, perhaps to your regret, but not to mine.

The people of Quebec were incredibly generous in letting me come here knowing that I would not speak *the* truth, which I

do not know, but *my* truth, which I do know. It is not always easy to speak it. It is even less easy to live it. Honourable senators, on no account would I want my children and grandchildren to live through this daily battle to be French speakers and Canadians at the same time.

Do not think, you English—
[English]

that it is easy to love a country, to be loyal to a country that does not care for what you are, for what you write, for what you read, for what you love, for what you sing? That it is easy to continue to be attached to it?

The time that I have given myself to speak is over. I started this speech too many times to ask you to forgive me if I had said my truth. If I did not say it, then I should not have stood up.

In the morrow of the ratification of the Meech Lake Accord, I was one of the first to use an expression that has been taken and spread by the Canadian press, which I see is here in great numbers. Perhaps one day we will find a way to get them in here.

Senator Phillips: It is more than usual.

Senator Chaput-Rolland: That is not a very good compliment to me. However, I did talk about the magic and the beauty and the harmony of the Meech Lake Accord. I believed in it with all my heart, and I still do. But I am not sure—and I am less sure than I was 15 days ago—even if it is ratified by all of the premiers of Canada and they keep the promises they have already made, which they made openly in front of the cameras of Canada, that it will work, I have read so many things about it. Saturday night I read *Maclean's* magazine, the English-Canadian newspapers from western and eastern Canada, the French newspapers, the positions of the friends of the Meech Lake Accord and the opponents of the Meech Lake Accord, and now I do not quite believe it will work.

The animosity and the prejudices are very strong. I would like to believe that in this room, where we have all acquired an experience of life, whichever side we are on, it is our duty to explain it and to help our compatriots to understand it. Will that be possible? I do not know. I personally do not want to be free of Canada; I want to be free *in* Canada, for what I believe as a French-speaking Canadian, and to be proud of it. Will that ever be possible? I hope so.

In 20 years from now, when free trade is really working, the exchanges between our two countries will not only be commercial; they will be cultural. At that time, my friends, my English-speaking friends, you are going to need the distinctive character of Quebec.

[Translation]

You will need a distinct Quebec to keep a distinct Canada.

Hon. Senators: Hear, hear.

Senator Chaput-Rolland: A fable writer once said:

One often needs someone smaller than oneself.

[Senator Chaput-Rolland.]

Well, that someone smaller, which could be Quebec as compared to the vastness of Canada, is already bigger and stronger than you think.

[English]

If you put the Meech Lake Accord in Mr. Trudeau's dustbin, I hope that at the same time you will not be putting our history in there it also.

● (1550)

Hon. Dalia Wood: Honourable senators, first, I cannot let pass a remark that has just been made by the honourable senator who has just spoken. Perhaps after being in the Senate a little longer she will come to understand that we on this side do not despise those on the other side, but just have a difference of opinion.

Today I am honoured to be part of this Parliament and this house. I am also proud to stand here as an English Canadian of Italian heritage from Quebec. I should like the honourable senator to know that I will keep fighting for the rights of the English in the province of Quebec.

Today I wish to thank the Honourable Gérald-A. Beaudoin for these inspiring words in his speech:

At times Parliament may be reluctant to act. For instance, the Court is not the sole guardian of the Constitution. It is not the only branch responsible for protecting rights and freedoms, and it has said so repeatedly.

The role of Parliament remains intact. It too must guarantee our rights and freedoms, legislate to create new ones, as necessary, and respect those rights and freedoms in every piece of legislation it adopts.

I am not sure whether the Speech from the Throne has recognized a crisis situation in our Canadian society of today or whether it is just playing with words between the intrigues of our two official languages.

Along with the enriched advantages of having two official languages, not to mention that they are both world class ones, we have the responsibility to be vigilant towards those who, having the ability to say similar things in both official languages, may give nuances and overtones that have somewhat different meanings. "Le péage des mots," to quote from Pierre Trudeau.

For instance, when one approaches Ottawa by Ontario highways, one will note that the signage refers to the "Nation's Capital". However, when the approach is by Quebec highways, the road signs indicate "Ottawa, Capitale du Canada". This conforms to the new regulations, which are to remove the word "national" from our national institutions. Hopefully, this directive is not being made effective by the influence of the Quebec National Assembly.

You will also note the couching and clever manipulation of the word "national" in the fourth objective of the throne speech. Why do we refer to a national uniqueness in the English text while referring in French to:

... en renforçant notre sentiment d'appartenance à une entité culturelle et nationale distincte.

Is this national proclamation meant exclusively for French-speaking Canadians residing in Quebec? If so, which text must the French-speaking Canadians from outside Quebec use as their opportunity for involvement?

In any event, and assuming that the people who write dictionaries have no axe to grind, you will note that in either French or English texts the word "distinct" means "separate from".

The official language minorities of Saskatchewan, Alberta and Quebec are paying the price of the current government's lack of a clear, and forcefully implemented, official languages policy.

Over the past year the federal government has been content to wait until the provincial governments have responded to critically important decisions of the Supreme Court. When the response of the Provinces of Saskatchewan, Alberta and Quebec was promptly to remove the rights restored by Supreme Court decisions, the federal government did nothing except bleat a few regrets. The policy of trying to placate and appease the provincial premiers over linguistic issues and minority rights has proven to be bankrupt. Through its silence on the issue of minority language rights, the Speech from the Throne continues this policy of leaving the fate of the francophone minority outside Quebec and the anglophone minority inside Quebec to tacit deals between the premiers concerned and the Prime Minister.

Premier Bourassa of Quebec refused to comment adversely when the Premiers of Saskatchewan and Alberta introduced legislation to repeal section 110 of the Northwest Territories Act, which had established French and English as official languages of the territories prior to the creation of Saskatchewan and Alberta, and which the Supreme Court had found to be in effect in Saskatchewan and, by implication, in Alberta. Premiers Devine and Getty responded in kind, when Premier Bourassa replied to a Supreme Court ruling that supported the marked predominance of French on public signs, but not the total exclusion of other languages, by introducing legislation overriding the Charters of Quebec and Canada to restrict the use of languages other than French to the inside of stores.

The response of this government to the shattering of the spirit of the Meech Lake Accord was weak enough at the time. The Prime Minister expressed the "disappointment" of the government over the Saskatchewan legislation and the "wish" that the latter would go further in the protection of minority rights. The government "would have preferred a more generous response by the Government of Alberta."

Questioned about Premier Bourassa's Bill 178, the Prime Minister could only once again express his "disappointment" at legislation that did not meet the test of the Supreme Court decision, and he claimed that it was "unsatisfactory" to him personally.

The Speech from the Throne contained no references to new initiatives to restore and protect the rights of linguistic minorities. Despite the rhetoric of the Prime Minister about the inconsistency of the "notwithstanding" clause with the Charter

of Rights and Freedoms and the shortcomings of the 1982 constitutional amendments, no steps are envisaged to correct this situation. Nor has the Prime Minister been able to develop a consensus on the use of the "notwithstanding" clause within his own cabinet. While he denounced its existence, Mr. Bouchard, then Secretary of State, was contending that its use by the Government of Quebec was "absolutely essential." This from the minister responsible for protecting and encouraging linguistic minorities across the country and responsible for implementing the new Official Languages Act.

Premier Bourassa's attack on the civil rights of the English-speaking minority cannot be justified on the ground that only commercial signs are concerned. The Supreme Court ruling was clear: Commercial signs form part of the fundamental right of full expression, and liberty of expression is one of our most essential freedoms.

Clifford Lincoln said it best in the Assemblée nationale the day he resigned from the Quebec cabinet:

Rights are rights. There is no such thing as inside rights and outside rights. No such thing as rights for the tall and rights for the short. No such a thing as rights for the front and rights for the back, or rights for the east and rights for the west. Rights are links in a chain of fundamental value that binds all individuals in a society that must, to be credible, be just and fair.

The Commissioner of Official Languages, utterly lacking any support from the government for his forthright comments of a year ago, has become careful not to offend. Responding to the Saskatchewan legislation, his press release said that the adoption of the Saskatchewan legislation would "mark a sad day for Canada." His response to the Alberta legislation was a bit more strongly worded. He said:

The languages bill tabled in the Legislative Assembly of Alberta yesterday is deeply disappointing and does not strike us as fair to Franco-Albertans. Moreover, it is a bad omen for other official language minorities.

However, when it came to commenting on the Quebec legislation, he outdid even the Prime Minister in his determination not to offend Premier Bourassa. In his view, Bill 178 "does not seem to wholly respect fundamental rights in this regard"—the use of languages other than French in commercial establishments. His recent annual report, in its review of the events of this past year, was also notable for ensuring that it caused no offence.

Honourable senators, should Bill 178 be allowed to remain, or must Parliament, in the words of Senator Beaudoin, "guarantee our rights and freedoms?"

Can you imagine nearly one million people anywhere in Canada or in the world being denied, in this day, the use of their language—especially when the language happens to be one of the two official languages of this country?

Can you imagine that, if the window shade falls down in your neighbourhood café and the English wording on the handwritten chalkboard can be seen from the street, the sidewalk, or even from the sidewalk café, you are in violation

of Bill 178? Because, honourable senators, Bill 178 is considered a major concession, in that English wording may be used in a diminutive manner, always keeping in mind that it must not be visible from the exterior.

Here I should like to refer to some remarks made by Senator Murray, on page 41 of *Debates of the Senate* of April 5, 1989, during his speech in the debate on the motion for an Address in reply to the Speech from the Throne. He said:

It should be pointed out that Bill 178 is really a less restrictive version of Bill 101.

Let me give you some instances of this so-called "less restrictive" bill. I will read to you article 58 of Bill 101. It states:

... public signs and posters and commercial advertising may be both in French and another language or solely in another language.

That was too loose, so we come along with a new article 58, which states that "public signs and posters and commercial advertising outside or intended for the public outside shall be solely in French." That is a minus.

We now have article 60. Article 60 of Bill 101 states that:

Firms employing not over four persons including the employer may erect signs and posters in both French and another language in their establishments.

Again, that was too loose. What did they do? They removed it completely so that we do not have article 60 anymore. However, I will read an interesting article. It is article 61 in both bills:

● (1600)

Signs and posters respecting the cultural activities of a particular ethnic group in any way may be in both French and the language of that ethnic group.

Therefore, in article 61 in both those bills, honourable senators, we become not even second-class citizens but third-class citizens. Therefore, this act is not less restrictive than Bill 101.

Honourable senators, I should like to quote again from a speech made by the Leader of the Government in the Senate on April 6, 1989. It appears at page 46 of *Debates of the Senate*. In this particular section he is talking about the new Bill C-72:

I tried to emphasize that the 1988 act had added a new and valuable dimension to our legislative and policy framework in the field of official languages in that the new act deals not only with individual rights but with enhancing the status of minority language communities.

Honourable senators, there can be no misunderstanding with the words "enhancing" or "individual rights". However, my question is: How can the community of 800,000 or so English-speaking people of the Montreal area find either individual or community enhancement with Bill 101 or Bill 178 when, in spite of Parliament, their civil rights have been removed in order to entrench this morally-wrong piece of legislation?

Further proof of the deceptive play can be found in the *Minutes of the Assemblée Nationale* of March 23, 1989—which is only a month ago, honourable senators—where Mr.

[Senator Wood.]

Gilles Rémillard states, on page 5007, that he had indeed met with the new Secretary of State, Mr. Weiner, and had received the assurances that everything as previously agreed to with the Honourable Lucien Bouchard would remain intact.

Honourable senators, I should like to reiterate what Mr. Gilles Rémillard said on June 6, 1988, and again on March 23, 1989. I quote:

[Translation]

—and I say again in this Chamber that if the federal Government ever used Bill C-72 to override Quebec's jurisdiction, the necessary action would be taken to overturn this decision by going to the courts.

[English]

That should tell it.

Honourable senators, when I moved the adoption of Bill C-72, the Official Languages Act, I did it with the assurance given to me by the then Secretary of State, the Honourable Lucien Bouchard, that the federal law would remain supreme. In spite of the utterances made by Mr. Gilles Rémillard when he advised the Assemblée Nationale that the aspect of minority language promotion contained in Bill C-72 would never apply to Quebec, Mr. Bouchard reiterated that the federal law would remain supreme. After the general election, the record will show the statement of the Honourable Lucien Bouchard that he supports the "notwithstanding" clause; a clause which deprives every Canadian citizen of his or her rights and shows a state of oblivion with respect to the existence of a minority Canadian language.

Honourable senators, we must ask whether, if an institution in Quebec requests funds under section 44 of Bill C-72, it must be refused. Can you imagine a type of federal statute that would provide funding for bilingual signage anywhere in Canada, especially where the French presence wants to be appreciated, while at the same time being prohibited by provincial statutes—and all this when the federal Secretary of State says that the federal laws are supreme?

Honourable senators, let me take you back to a session in this chamber when Senator David introduced a bill for the purpose of removing hatred and bias, which was being taught in our schools under the guise of history. I have here a speech dated June 21, 1944, made by Senator Téléphore Bouchard. I will read just a part of that speech:

Under the régime of L'Union Nationale, the first governmental offspring of the Jacques Cartier Order, regulations were passed in our province to shorten the English tuition in our schools, and a law was adopted to give precedence to the French text in our statutes, although the Constitution placed French and English on the same footing. No sane French-Canadian had ever asked for this change, as we were satisfied that the spirit of the law, as shown by one text or another, was the best guide for its interpretation. The enactment of our isolationists was the cause of such a commotion in the English section of the province that those who had caused the law to be inscribed in our statutes had to repeal it themselves.

Honourable senators, on going through that same speech this afternoon I came across a rather interesting passage where the same senator, I think on the instance of his first speech, said:

Honourable senators, one of the gaps that have been mentioned in the present debate as existing in the various history manuals used in English-speaking provinces of Canada is the omission of the statement that the French language is official in both Houses of our federal Parliament.

He went on to say:

If I spoke in French at the beginning, it was because, rising for the first time in this House to address my honourable colleagues, I wanted to pay tribute to my mother tongue; and, secondly, I desired to point out the important fact that the French language is legal in this Parliament of a British country.

Honourable senators, how soon we forget our heroes in Quebec, especially the valiant civil rights defenders from the era of the "Padlock Law".

Honourable senators, it may be time for another B & B Royal Commission, while we still have a national will and a strong federalist majority in and out of Quebec.

On motion of Senator Frith, for Senator Graham, debate adjourned.

CHARLES A. LUSSIER, ESQUIRE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS—
FELICITATIONS ON RETIREMENT

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand that when Senator Doody moves the motion for adjournment it will adjourn the Senate until Tuesday, May 2, 1989. That being the case, this will be the last day at the Table as Clerk for our Clerk of the Senate, Mr. Charles Lussier. Admittedly, we sometimes express our appreciation of the work of our colleagues in the Senate even when they are not present; but, because I have known Mr. Lussier for so long, I should like to take this opportunity, with your indulgence and while he is present, to say just a word about the long, distinguished and devoted service Mr. Lussier has given to his country.

I first met Mr. Lussier when I was a member of the B & B Royal Commission. He was introduced to me at that time by either Mr. Laurendeau or Mr. Gagnon—I cannot remember which—and I got to know him quite well. During the work of that commission, some of us would frequently go to Le Cercle Universitaire D'Ottawa for dinner and I would often see Mr. Lussier there. I cannot remember now at just what stage of his career Mr. Lussier was at that time, but I know that in the period of my acquaintance with him he was on the Public Service Commission and was the Director of the Canada Council. Indeed, I believe he came directly to us from the Canada Council, although I am not sure about that; there may have been some stage in between.

As I recall it, Mr. Lussier was a colleague of Prime Minister Trudeau's at university, and, as far as I know, since the day he graduated he has given his life to service to his country as a public servant. That term "public servant" is sometimes used euphemistically and sometimes used even sarcastically. However, I believe that the term applies literally to Mr. Lussier. He has been a servant, a loyal and able servant of the public, and, therefore, a public servant to the people of Canada, and that includes those of us who have worked with him here in the Senate. We wish him an equally distinguished retirement. He still has all of his faculties and all of his energies and his interests, which are quite catholic—with a small "c". They may, for all I know, also be "Catholic" with a capital "C".

● (1610)

Charles Lussier has played a great role in the social life of Ottawa and I know that he will continue to do so. I cannot think of anything but positive things to say about him and I am happy to have been given this opportunity today to say them.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, may I go on record as joining Senator Frith as, I am sure, do all of us, in extending the same good wishes and congratulations to Mr. Lussier. I have not had the honour and privilege of knowing him as long as Senator Frith has, having met him only when he came to us here in the Senate. However, I am delighted to have known him during this short period and to have worked with him. He is a man of integrity, honour and decency and is a pleasure to deal with. I doubt very much that he will go into retirement. I know that he has far too many abilities to allow him to retire, and I am sure that he will serve his country in some capacity or other in the years to come. I wish him well and I thank him for his service.

Hon. Philippe Deane Gigantès: Honourable senators, if you will allow me a few words, I am perhaps the only person among the senators here who was once Mr. Lussier's employee. I am sure that it will not surprise anyone that that was a turbulent time for me, and Charles Lussier gave me wisdom, friendship and solace. For that I thank him.

[Translation]

Hon. Jacques Flynn: Honourable senators, I think it would be appropriate for me to say a few words in French to my friend Charles because we have known each other for so long.

I knew him when he was still practising law. I had the privilege of hearing him plead his case when I sat on an arbitration board.

I met him again here in the Senate, after we met elsewhere before that. As Senator Frith pointed out, he was in the Public Service. I believe he was Deputy Minister at the Department of Employment and Immigration. Subsequently, he was a member of the Public Service Commission and then Director of the Canada Council.

I had the honour of welcoming him upon his arrival in the Senate. Today I want to say how much we have appreciated

his services. Everyone agrees he is the perfect gentleman. He performed his duties with competence and distinction.

We wish him a very happy semi-retirement, and I am sure he will not miss some of the speeches that are pronounced in this Chamber.

However, he will certainly miss the company of individual senators, the reverse being true as well. We wish him the very best.

Hon. Jean-Marie Poitras: Honourable senators, I would like to add my few words to those spoken by honourable senators who addressed their words of praise to Mr. Lussier. I am a new boy here, so I did not know him very long as a

senator, although he welcomed me with a courtesy and cordiality that I appreciated very much.

However, I have known Mr. Lussier and several members of his family for quite some time. I would like to refer to him on a personal level, aside from his official duties, because he is a gentleman in every sense of the word. He has given freely of his time to many activities and movements. He has been an invaluable advisor, helping his fellow citizens in all circumstances.

Speaking as a friend, honourable senators. I share your views and wish him every opportunity to continue to be useful and to help his fellow citizens as he has always done in the past.

The Senate adjourned until Tuesday, May 2, 1989, at 2 p.m.

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THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(2nd Session, 34th Parliament)
Wednesday, 19th April, 1989

GOVERNMENT BILLS
(SENATE)

BILL S-2

**An Act to implement conventions between Canada and the
Grand Duchy of Luxembourg and Canada and the Polish Peo-**

**ple's Republic and an agreement between Canada and Papua
New Guinea for the avoidance of double taxation with respect
to income tax**

First and second readings and referral to Foreign Affairs
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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, APRIL 20, 1989

FOREIGN AFFAIRS

256-S10:00 a.m.

Consideration of Bill S-2, An Act to implement conventions between Canada and the Grand Duchy of Lux-

THURSDAY, APRIL 20, 1989 (Cont.)

embourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

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OFFICIAL REPORT
(HANSARD)

Tuesday, May 2, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, May 2, 1989

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CLERK OF THE SENATE

APPOINTMENT OF GORDON BARNHART, ESQUIRE
DESIGNATION OF CHARLES A. LUSSIER, ESQUIRE, AS
HONORARY OFFICER OF THE SENATE
FELICITATIONS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a commission under the Great Seal has been issued to Gordon Barnhart, Esquire, appointing him Clerk of the Senate and Clerk of the Parliaments.

The commission was read by a Clerk at the Table.

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that by the usage of Parliament the Clerk of the Senate is required to take the oath of office before the Honourable the Speaker of the Senate.

The oath of office was administered by His Honour the Speaker.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, permit me to say a brief word of welcome on behalf of the government and my colleagues in the government caucus to Mr. Barnhart, who begins his duties today as Clerk of the Senate and Clerk of the Parliaments.

Mr. Barnhart comes to us with solid experience in this line of work and with an excellent reputation, earned for the most part in the Legislative Assembly of Saskatchewan.

Some Hon. Senators: Hear, hear!

Senator Murray: I am happy to see that in this nomination there is some regional and provincial pride being expressed by our friends from Saskatchewan, and with good reason. Mr. Barnhart's biography indicates that he began his working life as a professor of history. There is, of course, no disgrace in that. We have several former professors of history among us. They, like him, quickly moved into the parliamentary forum where history is made, and they have made a considerable contribution to this place, as I am sure he will.

Mr. Barnhart began as Clerk Assistant, and then became Clerk of the Saskatchewan legislature in 1969. He has been active in the work of clerks' conferences in Canada and the Commonwealth. Indeed, it was through these associations and through the excellent reputation he earned in Saskatchewan that his name first came to the attention of the government.

I have great pleasure in extending to him our welcome and in expressing the hope and the wish that he will have a long, happy, stimulating and satisfying career in the service of the Senate and of the Parliament of Canada.

Hon. Senators: Hear, hear!

[Translation]

Senator Murray: Honourable senators, allow me to take this opportunity to endorse fully the sentiments expressed by our colleagues, Senators Doody, Frith, Flynn and Gigantès, regarding our friend Charles Lussier, who has just retired after eight years of exemplary service as Clerk of the Senate and Clerk of the Parliaments.

Mr. Lussier had a brilliant career in the Public Service of Québec and Canada. He is recognized in the academic community, famous in the arts world, indeed known throughout Canada. He did honour to the prestigious position that he held.

We thank him and wish him good health. *Au revoir.*

[English]

Indeed, I think the motion I am about to make, with the permission of the Senate, says it all in very few words. It records our appreciation for the service of Mr. Lussier, and I should like, therefore, with leave of the Senate, to move, seconded by the Honourable Leader of the Opposition:

That the Senate desires to record its deep appreciation of the long and distinguished service rendered by Charles A. Lussier, Esquire, as Clerk of the Senate and Clerk of the Parliaments; and

That in acknowledgement of the dignity, dedication and profound learning with which he has graced the office, he be designated an Honorary Officer of this House with an entree to the Senate and a seat at the Table on occasions of ceremony.

Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I have great pleasure in supporting the motion moved by Senator Murray. As he said, the motion itself is an adequate and deserved testimony to the work and character of the retiring Clerk of the Senate and Clerk of the Parliaments.

Senator Frith, on behalf of our group, made extended comments a few days ago and it is unnecessary for me to repeat them, except to say that I support them fully. I also join Senator Murray in welcoming the new Clerk, Mr. Barnhart, to the table. I hope that he will have a rewarding career in the Senate and that, from time to time, we will be able to enliven his life by presenting him with difficult procedural problems

upon which he will be obligated to render advice to the Speaker.

Certainly in the House of Commons, and I think in the Senate, the function of Clerk has evolved over the years.

At one time, if one listens to history, Mr. Beauchesne was not only the procedural adviser but also an active administrative head of the House of Commons. Mr. Leon Raymond, who was the distinguished Clerk of the House for quite a number of years, was more than a procedural adviser, although he was an outstanding procedural adviser.

Mr. Raymond is still living and I hope he is enjoying the rewards of a very useful life. He did not come to the clerks' table, for example, through academic halls but, rather, through election to the House of Commons. He was a lawyer in Gatineau whom Mr. St. Laurent summoned to the table because of his particular qualities. I mention Mr. Raymond for the simple reason that he was my mentor in the field of procedure.

In the years I was in the House of Commons I was always impressed by the wonderfully contrived procedural arguments that were made by a number of outstanding members of that place, including Davie Fulton and Donald Fleming on the opposition side; Mr. Stanley Knowles of the CCF; and, of course, on the government side in those days, Mr. Walter Harris and Mr. Jack Pickersgill. It was an arcane business, and only for the select few.

When they made their argumentation, most of us were bedazzled by the citations used and the references to Erskine May, Beauchesne and Bourinot—all the great authorities. I never believed that I would get involved in that field myself, but it was a necessity, because, when Mr. Pearson became Leader of the Opposition, his colleagues in the opposition were, in the main, procedural innocents. Someone had to brush up on procedure, and that was how I became a student of Mr. Raymond and became, over time, deeply interested in the procedure of the House of Commons, and now of the Senate. It is an extremely interesting intellectual exercise. It is highly political—and procedure is substance. Although people think it is legalism, many of the great incidents in Parliament have been procedural in origin and in nature but, of course, political in impact.

● (1410)

I regret personally that in the House of Commons, for example, the number of members who take an active interest in procedural questions is very, very limited. That is unfortunate. That means that the Clerk and the Speaker have a private dialogue to make decisions that have a profound impact on the ongoing work of the House of Commons and on our politics.

There is some level of interest in procedure shown by some of our honourable colleagues. Perhaps we have left procedural problems with the people at the table too often. There is a contribution to be made by experienced members of the Senate in the areas of law, politics and history. I hope that Mr. Barnhart, as he takes on this new and important work, will

[Senator MacEachen.]

understand that his life will be enriched as he has to contend with the views of honourable members of the Senate who have taken a long-term interest in procedure, but who express it only spasmodically.

I welcome Mr. Barnhart and hope that his life in the Senate will be rewarding and enlivened.

Hon. Senators: Hear, hear!

Hon. D.G. Steuart: Honourable senators, I should like to join my colleagues in welcoming Mr. Barnhart to the table. I happen to have served in the Legislature of Saskatchewan when Mr. Barnhart was an assistant at the table. I was impressed with him then and I am very impressed with what has happened to him since. I can tell Mr. Barnhart that two things have changed: he was a Clerk [*pronounced clerk*] in Saskatchewan; he is now a Clerk [*pronounced Clark*] of the Senate. I hope it pays better. Also, I think Mr. Barnhart will find this place just a tad calmer and more orderly than the Legislature of Saskatchewan.

It is interesting to note that the man Mr. Barnhart studied under, Mr. Bev Koester, left the Legislature of Saskatchewan to become Clerk of the House of Commons. I can only assume that Saskatchewan is a great training ground for clerks. The moral is that anybody who can survive the Legislature of Saskatchewan has it made and will do a great job down here.

I know that the people of Saskatchewan are very proud of the honour paid to Mr. Barnhart, as am I and all honourable senators. I wish him well and hope he has a great career.

Hon. Senators: Hear, hear!

Motion agreed to.

THE LATE JAMES E. WALKER

TRIBUTE

Hon. Jeremiah S. Grafstein: Honourable senators, James E. Walker, a former Member of Parliament for the riding of York Centre, former Chairman of the Liberal Caucus, former Assistant Whip of the Liberal Caucus, former Whip of the Liberal Caucus, former Parliamentary Secretary to Prime Minister Trudeau, is dead.

As Northrup Frye wrote in his book *Fools of Time*,

Tragedy revolves around the contract between man and nature. That contract is fulfilled by man's death, death being the debt man owes to nature. What makes Tragedy tragic is the presence,

Frye teaches,

of a counter-movement of being that we call heroic . . . the capacity for action or passion that is above the ordinary and beyond the everyday human experience.

Well, Jimmy Walker was not heroic in that tragic sense. He was not that kind of hero, but Jimmy Walker was a hero nonetheless. His heroism was based on his quiet service to ordinary, average, hard-working Canadians in North York, part of Metro Toronto, who raise a family, buy a small house, pay off a mortgage, or rent an apartment, pay their taxes, put

their kids through school, go to church or synagogue every week, and believe that helping one's neighbour is a daily duty.

Jimmy represented that type of heroism—heroism that does not grab the daily headlines or titillate the media—yet Jimmy represented for me and for many of his friends the essence of political democracy, because his character exemplified the very base upon which our parliamentary democracy rests.

He was every man; the “average guy”, as he called himself. He worked hard as a volunteer in his community, got elected to the Board of Education and then to the local council. Then, when the opportunity arose, Jimmy sought and obtained election to the House of Commons, which he felt was the highest honour his neighbours and friends could bestow upon him.

Nobody believed at the time that Jimmy could win the riding. Most Liberal bigwigs felt that a big name candidate was needed, someone who could grab public attention. But Jimmy waited and was patient. He sought the nomination, he won the nomination and won the election. That is not the stuff of classic leadership, because Jimmy did not aspire to leadership. He believed in traditional values of service, loyalty, party, and hard work. No one disliked Jimmy, because he could not bring himself to say a bad word about anyone, including his political opponents.

Race or religion was simply irrelevant to Jimmy. People were people, he would say, even when people disappointed him. He was a natural. The average Canadian, at a time when the media were looking for the quirky, the photogenic, that “something different”—well, Jimmy just was not different. He remained the same type of average guy from the time he first started in politics. out.

I admired Jimmy. He gave me my real start in politics. He was the one who invited me to join the Young Liberals as part of his organization when he first ran for Parliament back in the early 1960s. I became his Young Liberals president, served on his riding executive, and helped him in all his elections by knocking on doors, setting up coffee parties, travelling around with him, and helping to arrange his schedule.

I remember when he was asked to attend a meeting of union workers to represent the Liberal cause. David Lewis, who was then running in the adjacent riding of York South, was to debate the issues of the day on behalf of the then CCF, and the Liberals sought a spokesperson to represent the Liberal cause, but no one would dare face David Lewis. No one was prepared to debate with David Lewis, who was then considered the greatest public speaker in Canada. Finally, Jimmy was persuaded to go because no one else would go. My job was to help Jimmy prepare for that meeting.

Jimmy was frightened because he felt he would be buried, simply buried in David Lewis's superb rhetoric. But Jimmy won the hearts and the votes of that meeting. At the end of a most magnificent speech by David Lewis, Jimmy stood up, applauded wildly, like all the other labour supporters in the hall. Then, quietly, he opened his remarks by saying, “Well, that is the greatest speech I have ever had the privilege to hear.” Then he went on in his own quiet, conversational way,

saying that although he could not match the oratorical power or intellectual brilliance of David Lewis he just wanted to tell his friends and neighbours why it was important to vote for the Liberal Party.

● (1420)

Jimmy was Jimmy—he was always himself; he was a natural. For me he was the personification of everything good, sincere and decent in politics and in public life. Our hearts go out to Lillian, his wife, who first met him in his election campaign and who worked by his side in each and every one of his elections and helped him in his recent illness.

Now, Jimmy, you have earned your rest. We will never forget the pleasure of your company. God bless your soul and give you peace.

Hon. Senators: Hear, hear!

OFFICIAL LANGUAGES

THE ESTIMATES, 1989-90—PRIVY COUNCIL VOTE 15—REFERRAL
TO JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons as follows:

HOUSE OF COMMONS
CANADA

Friday, April 28, 1989

Ordered,—That Privy Council Vote 15, for the fiscal year ending March 31, 1990 be referred to the Standing Joint Committee on Official Languages; and

That a Message be sent to the Senate to acquaint Their Honours thereof.

Attest

ROBERT MARLEAU
The Clerk of the House of Commons
INCOME TAX CONVENTIONS BILL
REPORT OF COMMITTEE

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Tuesday, May 2, 1989

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, to which was referred the Bill S-2, An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax, has, in obedience to the Order of Reference of Wednesday, April 19,

1989, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(f), moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

FOREIGN AFFAIRS

SECOND AND THIRD REPORTS OF COMMITTEE TABLED

Hon. John B. Stewart: Honourable senators, pursuant to rule 84, I have the honour to table the second and third reports of the Standing Senate Committee on Foreign Affairs, which reports relate to the expenses incurred by the committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament.

(For text of reports, see today's Minutes of the Proceedings of the Senate.)

[Translation]

THE CONSTITUTION

FIRST MINISTERS' ACCORD AND AGREED TEXTS—REPORT OF COMMITTEE OF THE WHOLE TABLED FIRST REPORT OF COMMITTEE TABLED

Hon. Gildas L. Molgat, on behalf of the Committee of the Whole on the Meech Lake Constitutional Accord authorized by the Senate on June 11, 1987, to incur expenses for the purpose of hearing evidence and reporting on the Meech Lake Constitutional Accord and texts subsequently agreed to, reports, pursuant to Rule 84, the expenses incurred by the committee for this purpose during the Second Session of the Third-Third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[English]

NATIONAL DEFENCE

FIRST AND SECOND REPORTS OF SPECIAL COMMITTEE TABLED

Hon. Henry D. Hicks: Honourable senators, pursuant to rule 84, I have the honour to table the first and second reports of the Special Committee of the Senate on National Defence respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament.

(For text of reports, see today's Minutes of the Proceedings of the Senate.)

[Senator Stewart]

TERRORISM AND PUBLIC SAFETY

REPORT OF SPECIAL COMMITTEE TABLED

Hon. William M. Kelly: Honourable senators, pursuant to rule 84, I have the honour to table a report respecting the expenses incurred by the Special Committee of the Senate on Terrorism and Public Safety during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

INTER-PARLIAMENTARY CONFERENCE ON TOURISM HELD AT THE HAGUE, THE NETHERLANDS—NOTICE OF INQUIRY

Hon. Joseph-Philippe Guay: Honourable senators, I give notice that on Thursday next, May 4, 1989, I will call the attention of the Senate to the Inter-Parliamentary Conference on Tourism, held at The Hague, The Netherlands, from April 9 to 14, 1989, inclusive.

[Translation]

THE ESTIMATES, 1989-90

REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Estimates for the fiscal year ending the 31st March, 1990, with the exception of Privy Council Vote 15 (Official Languages).

The Hon. the Speaker: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we on this side of the house support this motion. I should like to take this occasion to fulfil a promise—or perhaps it was a threat—to advise the Senate of the statutes that pertain to the reference of material to our committees.

These statutes have come before us at various times and we have passed them. These statutes have automatically referred material to our committees without any notice to us or any participation by us. At those times I had promised to put on the record what we could find in that category. I realize that this is perhaps this year's Bulletin No. 1 of the Voice in the Wilderness, but here they are.

There are eight federal acts which refer reports, regulations and that category of things automatically to parliamentary committees. These statutes and their relevant sections are as follows:

The Investment Canada Act, section 35(3), says in part that any regulations laid before a house of Parliament shall be referred to such standing or special committee of that house as may be established or designated.

There is substantially the same wording under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, section 24.1(2) of which says in part that every report laid before Parliament shall be referred for review to such standing committees of the House of Commons or the Senate. In all cases the words "shall be" are used.

The Canadian Aviation Safety Board Act, section 11(5), says in part that the report laid before Parliament "stands permanently referred to" committees of Parliament.

The Industrial Regional Development Act, section 15(2), says in part that every report laid before Parliament under this section stands permanently referred to the committees of Parliament.

● (1430)

The Access to Information Act, section 72(3), states in part that every report prepared shall be laid before the Senate and the House of Commons within three months.

In that case the section makes a reference to Parliament, but subsection 3 states that, even though it is laid before Parliament first, after it is laid before the Senate and the House of Commons it shall be referred to the committee whether we wish to refer it or not.

The Financial Administration Act, section 152(2), states in part that an order laid before a House of Parliament stands referred to such committee.

The Official Languages Act, sections 69(2) and 88—that was the one that attracted my attention recently—states in part that every report is referred to the committee designated, and the administration of the act and any regulations shall be reviewed on a permanent basis by such committees of the Senate.

The Statutory Instruments Act, section 19, states in part that every statutory instrument shall stand permanently referred to any committee of the House.

More and more procedure is being inscribed in federal statutes with respect to affirmative or negative resolutions and the establishment by statute of the procedure to be followed in dealing with the motions that can terminate Orders in Council. Some examples of those statutes are the Western Grain Transportation Act, The International Development (Financial Institutions) Continuing Assistance Act, the Inspection Act, the Energy Administration Act, the Electricity and Gas Energy Supplies Emergency Act, the James Bay and Northern Quebec Native Claims Settlement Act, and the Old Age Security Act.

The Office of the Law Clerk of the House of Commons has provided some interesting and useful reference centres for this material by providing a good summary of such acts.

Parliament has been criticized in recent times for permitting a great deal of "delegated legislation". The trend now seems to be developing that Parliament is allowing "delegated Parliamentary procedure". The maxim that a House of Parliament is "the master of its own procedures"—a maxim we are familiar with—seems to be less and less true. More and more the other two branches of Parliament—the Crown and the House of

Commons—are laying down the procedures which the Senate is to follow, and I do not think that that is a good trend.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

FOREIGN AFFAIRS

NEGOTIATIONS WITH SOVIET UNION—DIFFERENCE OF OPINION
BETWEEN PRIME MINISTER THATCHER AND CHANCELLOR
KOHL—GOVERNMENT ATTITUDE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, would the Leader of the Government consider enlightening the Senate on the attitude the Government of Canada is taking on the difference of opinion between Prime Minister Thatcher and Chancellor Kohl on the question of negotiations with the Soviet Union? We are told that the alliance is divided on this matter. Certainly, that division was made apparent at the recent meeting I have mentioned between the two leaders. Has the Canadian government taken any position on this matter? If so, what is it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I would prefer not to extemporize on a matter of this importance. I shall consult the Prime Minister and see whether we can make a more definitive statement on the matter.

The Secretary General of NATO is in Ottawa today. He has expressed himself as being fairly sanguine about the prospects of achieving a consensus among the NATO allies on this important matter, which, on the surface at any rate, appears to have divided two of our allies, the United Kingdom and the Federal Republic of Germany.

Senator MacEachen: I thank the minister for his undertaking to let me know later what the attitude of the government is in this connection.

HER MAJESTY QUEEN ELIZABETH II

FORTHCOMING VISIT TO U.S.S.R.—CONSULTATION WITH
CANADIAN MINISTERS

Hon. Allan J. MacEachen (Leader of the Opposition): There is another question I have been contemplating asking of the Leader of the Government for some days now and that is with respect to what has been reported as the acceptance of an invitation, extended by the authorities of the Soviet Union, by Her Majesty the Queen to visit that country. My question is whether Her Majesty's Canadian ministers have been consulted and whether the visit is going ahead with the concurrence of the Canadian ministers.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall again have to take the honourable senator's question as notice and make inquiries. I have seen the same reports on this matter as the honourable senator has, and I shall consult my colleague, Mr. Clark.

FINANCE

NATIONAL SALES TAX—BREAKDOWN IN FEDERAL-PROVINCIAL RELATIONS

Hon. H.A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate in his capacity as Minister of State for Federal-Provincial Relations. I ask this question as a consequence of a statement made by the Minister of Finance a few days ago that he and his government intend to go ahead with the proposed sales tax, with or without the cooperation of the provinces.

As the government leader, the minister will realize that this is a very undesirable situation. To have in place double administration at the point of retail sales is something of an administrative nightmare for those who would be obliged to collect these taxes. I wonder if the minister can tell us what has caused this breakdown in relations between the federal and the provincial governments to the point where both levels of government would visit this kind of administrative nightmare on Canadian retailers. Can the minister tell us why relations appear to have deteriorated so badly, after all of the statements that were made that the period of confrontation with the provinces was over?

Senator Asselin: It is not our fault.

Senator Olson: I see; it is not your fault. Perhaps the minister who is directly responsible can tell us whether or not the situation is really so bad that the federal government cannot make an arrangement with the provinces, and that the Minister of Finance is forced to go to the public and say that they intend to go ahead with this tax, with or without the cooperation of the provinces, and thereby set in motion this type of nightmare, as I have said, for the small businessmen and retailers across the country who would have to collect this tax. Is there not some way in which we can work out an arrangement so that we do not end up with this type of nightmare?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there have been discussions during at least the past two years between the federal government and the provinces on the question of a national sales tax. Obviously, the most desirable outcome would have been a national sales tax in which the federal government and all of the provinces participated. That, however, proved to be not possible at this time.

The difference between the federal government and the provincial governments at the moment is really one of urgency. We see the present manufacturers' sales tax as being a very badly flawed tax, which is having a worsening impact on the

Canadian economy. Therefore, we believe that there is considerable urgency to acting now. However, its having proved impossible to get the provinces on board at this time, the Minister of Finance had a decision to make, and he made it. That decision is that we will bring in a new federal sales tax effective January 1, 1991.

● (1440)

Senator Frith: Is this part of the achieved national reconciliation you referred to in the throne speech debate?

Senator Olson: Honourable senators, I am aware that the Minister of Finance tried to explain the matter away or sweep it under the rug with the same kind of comments that the Minister of State for Federal-Provincial Relations has just made. I had hoped that he would answer the question. What happened? Why are federal-provincial relations so bad that the parties cannot even cooperate on a matter that is so important, to avoid the kind of administrative nightmare that the federal government would now visit on businessmen and on Canadian people in general? What has happened to this honeymoon?

Senator Murray: Honourable senators, the honourable senator cannot read into this decision, and he certainly cannot read into the statements that were made by various provincial ministers and, indeed, premiers, any evidence that federal-provincial relations had deteriorated seriously or that the—

Senator Frith: You don't have to read it in; it's obvious!

Senator Murray: —climate of federal-provincial relations was a bad one. As I have explained to the honourable senator, the difference between us was one of urgency. I repeat, the present federal manufacturers' sales tax is badly flawed.

Senator Olson: You needn't have repeated it. I heard you the last time!

Senator Murray: I know that the honourable senator heard me the last time. If he will look at some of the comments made by previous Ministers of Finance he will find that their analyses are not far different. The present manufacturers' sales tax is biased against Canadian exports. It contains a bias, really, in favour of imports to Canada. It is, as Mr. Wilson has stated repeatedly, a silent killer of jobs. It was necessary to replace that tax and to replace it soon. Unfortunately, it was not possible to obtain the level of agreement with the provinces that would have been necessary to go ahead now or at an early date with a national sales tax in which the federal government and the provinces would be involved. Given the evil that had to be corrected, it was the view of the federal government that we should take the decision to proceed on our own as of January 1, 1991. That is the decision that has been taken.

My honourable friend will find, I trust to his pleasure, that, for all that and for all other differences there are on the various issues between the federal government and the provinces, there is still an excellent climate of cooperation in the Canadian confederation.

Senator Olson: Perhaps, but apparently not enough to agree to a single administration for the collection of a national sales tax.

In any event, the minister tries to argue that timing is the basis for the difference between the federal position, which has a higher urgency level, or whatever you want to call it, and that of the provinces. Both the premier of my province and the provincial treasurer say that they will fight a national sales tax all the way. Of course, the situation in Alberta is a little different because we do not have any sales tax at the moment. However, the argument being advanced by the minister—I suppose it is a reason rather than an argument—is just not the one that the provincial spokesmen who have been involved in the meetings are advancing. They are saying that they will not agree, now or ever. It doesn't matter—

Senator Murray: Not all of them are saying that!

Senator Olson: It doesn't matter about timing. The argument they are making is that the collection of a sales tax at the retail level has traditionally been the sole and exclusive bailiwick of the provinces. I will not argue that the federal government does not have the constitutional authority to get in there, but they are arguing that the federal government has not been in there, I don't believe, for the last 50, 60 or perhaps 100 years, and they are attempting to preserve that right of taxation by the provinces, which is exercised now by nine of the ten provinces.

I wonder, therefore, if the minister would like to revise his answer a little, because what he has just said is at complete variance with what provincial officials who were at the same meetings have been saying about why they have withheld their cooperation.

Senator Murray: Honourable senators, it is the honourable senator's analysis that requires revision.

Senator Olson: No, it doesn't.

Senator Murray: The honourable senator quotes correctly the premier and treasurer of Alberta as taking a position, in principle, against a sales tax. Alberta does not have a sales tax. However, he then ascribes to the other provinces the position that Alberta has enunciated. I suggest to the honourable senator that the position of the other provinces is not as categorical as that of Alberta. Other provinces evinced some considerable interest in discussing the possibility of joining in a national sales tax. It was not possible at this time to obtain agreement. Because, in our considered judgment and that of the Minister of Finance, the present manufacturers' sales tax is broken beyond repair, it was urgent to act at an early date, and that is what we have decided to do.

Senator Olson: Is the minister saying that Alberta is the only province that has withheld its cooperation on agreeing to collect this tax?

Senator Murray: The honourable senator attributed to the provinces, plural, the position that they would be opposed—

Senator Olson: That's what I've heard.

Senator Murray: —to a national sales tax now or ever.

Senator Olson: Yes.

Senator Murray: The only province whose position comes close to that is his own province of Alberta, where there is no provincial sales tax levied and where it is part of the political culture and history of the province that there would be, naturally, strong opposition to such a tax being levied by either level of government.

Senator Olson: Honourable senators, that is an amazing statement. If the minister does not have copies of what some of the provincial authorities who were at several of the meetings have said to the press, I would be glad to do his homework for him and dig up some statements, some of which come from provinces other than or in addition to Alberta, indicating that they are not in favour of the federal government's moving into that source of taxation at all, ever.

NATIONAL SALES TAX—STATUS OF OTHER TAXES

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, if Senator Olson is through with his questioning, may I ask a related question of the minister about the new national sales tax? The Minister of Finance has stated that the new national sales tax will be revenue-neutral. In view of the increases in the manufacturers' sales tax outlined in the budget, what will the situation be when the new tax comes in? Will other taxes be reduced to compensate for the increases which will have been incorporated, and to make good the minister's assertion of revenue-neutrality?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have Mr. Wilson's budget speech in front of me, but there is no doubt that it is his intention to reduce certain taxes when the federal sales tax comes into effect, but whether it will achieve what Senator MacEachen describes as revenue-neutrality is something that I cannot estimate at this time.

Senator MacEachen: Honourable senators, I take it that it is still the government's intention to implement the policy of a revenue-neutral sales tax.

Senator Murray: Honourable senators, I would not want to anticipate future budgets.

Senator Frith: That would be a leak!

● (1450)

THE ENVIRONMENT

PREVENTION OF OIL SPILLS IN CANADIAN WATERS— GOVERNMENT ACTION—CANADA'S CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Colin Kenny: Honourable senators, on April 4 I asked the Leader of the Government in the Senate what actions the Government of Canada had taken since the *Exxon Valdez* disaster to ensure that such an accident did not take place in Canadian waters. On that day I also asked the Leader of the Government what Canada's capacity would be to deal with the clean-up off Vancouver Island if such an accident were to take

place there. On April 6 I advised the Leader of the Government's office that I intended to pursue the matter further. A month has passed since then.

On Thursday, April 27, the *Exxon Philadelphia*, loaded with 83 million litres from Prudhoe Bay, lost power and wallowed in the sea. Fortunately, no spill occurred.

My question is: What new steps has the government taken since the *Exxon Valdez* disaster to ensure that such a leak does not happen in Canadian waters?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am aware, of course, of the questions put by the honourable senator on previous occasions. Before coming in here today I asked about the status of those questions and was informed that we are still awaiting replies from the department concerned.

I shall have another inquiry made later today or tomorrow and see if we can not hasten the process.

Senator Kenny: Honourable senators, can the Leader of the Government in the Senate confirm that a comprehensive inter-departmental review of tanker safety and shipping cargo has been commissioned and is under way right now?

Senator Murray: Honourable senators, I shall add that question to my inquiry.

NATIONAL DEFENCE

CLOSURE OF CFB, SUMMERSIDE, P.E.I.—FEDERAL-PROVINCIAL CONSULTATIONS—IMPACT ON PROVINCIAL ECONOMY

Hon. M. Lorne Bonnell: Honourable senators, I should like to pose a question to the Leader of the Government in his capacity as Minister of State for Federal-Provincial Relations.

Did any consultation take place between him or any minister of the federal government and the Premier of Prince Edward Island concerning the closure of the air base at Summerside?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, first of all, permit me to extend a very cordial welcome back to the honourable senator who, I understand, underwent some surgery in the last little while.

Hon. Senators: Hear, hear!

Senator Murray: I would express the pleasure that all of us feel that he is obviously back in top form or close to it.

Senator Phillips: The benefits of Bill C-22.

Senator Murray: With regard to the question put by the honourable senator, there were no discussions between me and the Government of Prince Edward Island, and I am not aware that any notification was given by the federal government to the provincial government prior to the announcement of the closure of the base at Summerside, its being a decision that was taken in connection with the tabling of the Budget.

[Senator Kenny.]

Senator Bonnell: Honourable senators, I know that my surgery gave me a better heart. Consequently, I will not be so hard on my good friend across the way.

Senator Frith: The drugs were expensive though!

Senator Bonnell: Yes, the drugs were expensive, because I had to use patent medicines.

I know my good friend opposite has a good heart as well, and I know that he will use all of the power at his command to approach the government, and particularly the Minister of Finance, to reconsider the closing of the Summerside air base.

Senator Frith: You know that?

Senator Bonnell: I have faith. The province of Prince Edward Island, with a population of 125,000 people, relies heavily on its only military base to employ 1,200 people, 1 per cent of its population. The military base was the source of \$50 million in salaries to service personnel employed on the base, and \$35 million was also brought into the economy as a result of job creation. I would also point out that \$11 million was generated in terms of provincial taxes levied on the land, buildings and so forth. To take that out of the economy of a have-not province certainly does not show any regional economic expansion and it certainly does not show any regional consideration for a have-not province. Honourable senators, I would point out that while one government department has decided to close the air base, at the same time another government department, the Department of Public works, is constructing a new building on the base at a cost of between \$7 million and \$10 million. That building is still under construction as the air base is being closed.

Senator Perrault: Old Tory efficiency!

Senator Bonnell: I know the Leader of the Government realizes that, although Prince Edward Island is small, it is still a province which deserves its equal share of the National Defence budget.

Honourable senators, we do not mind paying an increased sales tax if it is decided that a national sales tax is appropriate. We will pay our fair share. We will pay our fair share in terms of the increased cost of hospital care. We will pay our fair share of taxes which will go towards education. However, in this particular instance I think the Government of Canada is asking Prince Edward Island to pay more than its fair share by closing the air base, which was a boon to Summerside in terms of property values. I am told that property values, in terms of houses, have already gone down by \$20,000.

Senator Perrault: Shame!

Senator Bonnell: I would ask the minister to go to the Prime Minister, to the Minister of Finance and to his colleagues in cabinet and tell them that Prince Edward Island deserves better than that; that Prince Edward Island deserves some military base and that the Summerside base was doing a good job. My good friend Senator Steuart undertook some training at that base, as did many others.

It may well be that Joe Ghiz will go to the people of Prince Edward Island and ask them if they want more Toryism or

whether they would prefer that he speak up on behalf of the people of Summerside and the people of Prince Edward Island in an effort to maintain those jobs.

I would suggest that the Minister of Finance call the Premier of Prince Edward Island and admit that a mistake has been made and discuss how best to deal with this matter so that the people of Prince Edward Island will get their fair share.

Senator Asselin: A simple solution.

Senator Murray: First of all, the honourable senator has made various economic arguments. I simply have to remind him that the overriding economic imperative that the government faced in the interests of getting interest rates down and continuing economic growth was to get the national debt under control. That was the overriding and fiscal imperative that faced the government.

Once the decision was made to effect expenditure savings in the coming years in virtually every department, including National Defence, the decisions on which bases to close were made by the Department of National Defence, in accordance with defence priorities. It was on that basis that the decision to close CFB Summerside was made.

I remind the honourable senator that it is one of 14 bases across the country that will be affected by these decisions, but this is being done in the interests of a healthier fiscal situation and a healthier fiscal economy.

In any case, I think I need only remind the senator that the Leader of the Opposition now has a Notice of Inquiry on the order paper to debate the budget. That debate will begin perhaps today or tomorrow. There is also a borrowing bill coming to us. The Estimates have been tabled today and referred to the Standing Senate Committee on National Finance. He will not lack opportunities to make his representations and to elaborate on the arguments he has already put forward today on this matter.

• (1500)

Senator Bonnell: Honourable senators, I do not need to make any more representations. I make my representations to you because you are our voice in the cabinet as federal-provincial minister. If Mr. Wilson were here, I would make my representations to him, but I know you can do it well for me.

I know you must care about the province of Prince Edward Island. Just imagine, if you took 50,000 jobs out of Ontario. I wonder if Mr. Wilson would get away with that. Think of the impact, as one senator mentioned to me today, if he closed General Motors in Ontario. Think of your colleague sitting next to you, who is from right alongside the Summerside air base. He will tell you how important it is. He probably will not tell you aloud, but he will tell you if you whisper to him.

Senator Frith: Come on, Orville, tell him!

Senator Molgat: Whisper!

Senator Bonnell: For many years he represented that area in the House of Commons and spoke strongly on behalf of Summerside. I ask him to speak to you as soon as I sit down,

to ask you, on behalf of the people of Prince Edward Island, to see that we get our fair share. We will pay our fair share to reduce the debt, but we do not want to pay everybody's share. We do not want you to ruin the economy of our province. We do not want to have to pay all of this out, leaving Prince Edward Island with no National Defence spending at all. Our soldiers, our airmen and our navy boys were good enough to fight overseas. Surely to goodness, some of those National Defence dollars are good enough to come back to Prince Edward Island, from whence a lot of our good boys fought in our wars and are prepared to do so again.

Senator Murray: Honourable senators, the honourable senator cannot accurately claim that the burden of this expenditure restraint is falling more heavily on one part of the country than on another. Even within the Department of National Defence the bases affected are located in various parts of the country. He mentions Ontario. One of the bases that are closing is near London, Ontario, and the people affected there are responding in the same way, expressing the same regret and making the same representations as the honourable senator is making. Two of the bases are in Nova Scotia and two more are in Manitoba. I think it is more accurate to say that the burden of expenditure restraint is being borne very broadly across the country and that there is not the kind of regional imbalance that the honourable senator suggests.

Senator Bonnell: Honourable senators, I should like to bring one other fact to the attention of the minister. The Minister of Finance says that, just as for those other bases, there will be retraining for some of these people. What are you going to retrain them to do in Prince Edward Island? There is nothing to do except farm or fish; but you have ruined the agricultural industry of the country and you have now ruined the fishing industry. All we have left is an air base. You say you are going to retrain them, but to do what? Why retrain all these people when there are no jobs? There are no mines, no resources, no industries. All we have is four inches of soil, the sea around us and our beautiful land of Green Gables for tourism. You are now taking away the only industry we have, the only thing that brings in extra dollars from the federal government. You are going to retrain them?

Mr. Minister, please go to the Minister of Finance and ask for reconsideration.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM— GOVERNMENT COMMITMENT

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. Farmers in western Canada—and I am sure in other parts of Canada—are most anxious to receive the drought payment that has been announced. However, it is not clear in my mind—and I do not think it is clear in the minds of many others—whether the government is fully committed to the total payment, which is something over \$800 million on account of the recent drought.

I am not endeavouring to put a controversial question to the minister, but is the commitment of the federal government to payments amounting to something over \$800 million dependent in any way upon the provinces coming forward or is the federal government committed to the \$800 million, and then, if they can persuade the provinces to pay part of it, all to the good?

Can the farmers expect more than the \$800 million that has been announced?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I thought Mr. Mayer had answered a similar question recently in the House of Commons, but I cannot find the immediate reference. I will have to ask him for a statement on that matter.

Senator Argue: I would appreciate the minister's doing that. I can understand his wishing to clarify the matter with the Minister for Grains and Oilseeds, but that is the very reason I asked the question.

I think it is possible to infer either conclusion. I hope my doubt is not well founded. If the minister can bring us the assurance that the commitment is for the total, no matter who may be paying it, that would be greatly appreciated.

NATIONAL DEFENCE

CLOSURE OF CFB, LONDON, ONTARIO—NOTIFICATION

Hon. Charles Turner: Honourable senators, can the Leader of the Government in the Senate inform me and the people of London, Ontario, of the names of the people who were informed that Base London was going to close?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not think the situation with regard to that base is different from the situation with regard to the other bases. I am not aware that there was prior notification of that closure at all.

Senator Turner: I was involved in a fight with the Trudeau government in 1976 and I was prepared to walk across the floor and sit as an independent with the honourable member for Moncton. We will now see if the two government members have the guts to fight this government on the closing of the base in London, Ontario. If I were in the House of Commons, I would be prepared to make the long walk to the other corner of the House. We will see if these guys have any guts.

An Hon. Senator: Make the walk!

Senator Murray: Honourable senators, that option is still open to Senator Turner, if he wishes to sit as an independent.

Senator Olson: What for?

Senator Argue: Which corner?

Senator MacEachen: Would you open the base if he walked?

[Senator Argue.]

Senator Murray: Honourable senators, I say to him what I said to Senator Bonnell: the overriding concern was the economic and fiscal imperative to get the national debt under control. That being the case, when it was clear that there would have to be a reduction in projected expenditures by the Department of National Defence, the decision as to which bases would be affected was made according to military and defence priorities. That is the situation.

If the honourable senator wishes to make representations to the effect that, for economic, social or other reasons, the base should be kept open, I appreciate that point, but we faced an overriding fiscal and economic imperative. We acted in consequence. The Department of National Defence then made its decision on the basis of military and defence priorities.

Senator Turner: Well, honourable senators, not one person on the base in London, the commander included, was informed. That is a sleazy way of doing business. My mother was from the same town in which the Minister of Immigration was born and raised. When I was just 12 years of age the blacksmith in that town told me, "Never trust a Tory!" That still stands, first class.

Senator MacEachen: A wise blacksmith.

Senator Frith: We never could persuade that blacksmith to run for us.

CLOSURE OF BASES—RESPONSIBILITY FOR DECISIONS

Hon. John B. Stewart: Honourable senators, I have a question following from the questions of Senators Bonnell and Turner. Is the Leader of the Government in the Senate telling the Senate that the decision as to which bases would be closed were made by the officers in the Department of National Defence? Does he not really mean to say that those decisions were made by the Minister of National Defence? Is that not the position which must be true, given the nature of our system of government?

• (1510)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I agree with the honourable senator's constitutional point, but the honourable senator will appreciate that the Minister of National Defence does not make those decisions in a vacuum and that he would have consulted his civilian advisers and military officers as to defence and military priorities. Of course, my colleague, Mr. McKnight, takes full responsibility for these decisions under our system.

CLOSURE OF BASES—ECONOMIC IMPACT—ROLE OF FEDERAL-PROVINCIAL RELATIONS MINISTER

Hon. Gildas L. Molgat: Honourable senators, my question is for the Leader of the Government in his capacity as Minister of State for Federal-Provincial Relations. My question relates to the closing of military bases and how the minister sees his role in that regard. As far as I am concerned, his role involves

ensuring the economic welfare of provinces affected by federal government decisions.

Senator Bonnell has referred to the situation in Summerside, Prince Edward Island. That province has a total population of 125,000, and it has been decided that the military base located in that city will be closed. If you look at my own province of Manitoba, a somewhat larger province, there is the planned closure of a base in the small town of Portage La Prairie. In the city of Winnipeg there is to be a decrease in personnel. They are to be transferred to Edmonton.

The minister has said that one has to equalize the problems across the country, but has that been done? Let us look at the province of Ontario. The minister has referred to the base at London. That is simply being moved to another base in Ontario, Base Petawawa. One only has to look at the military establishment in Ontario. There is a great base at Borden, a great base at Petawawa, a substantial establishment in Toronto, a great base at Trenton, a major establishment in Kingston and the environs and an enormous centre here in Ottawa with all the big salaries. But what has happened? And I hate to do this, because it sounds like east versus west and all of the rest of it, but let us be fair. What has happened in Ontario is a move from London to Petawawa. Ontario is not a province experiencing economic difficulties at this time, but in Manitoba and Prince Edward Island there is to be the complete closure of military bases. How can that be judged to be fair?

Is that not something the Minister of State for Federal-Provincial Relations should be consulted on, because he has to work with the provinces? This cannot simply be a decision made by the Minister of National Defence, because there is the whole Canadian picture to look at. Are we going to concentrate everything in Ontario? Should the minister not be involved in those kinds of decisions?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the honourable senator is substituting his judgment for the judgment of the minister and the appropriate officials in the Department of National Defence as to defence and military priorities. That, of course, is fair enough, but perhaps he would like to tell us which bases he would like to see closed in Ontario, whether because of military priorities or because of his concept of regional equity.

As far as my role is concerned, I am a member of the cabinet and, like all other members of the cabinet, I understand what has been done. All ministers have an opportunity to take part in these discussions. All ministers take responsibility for the decisions that are made.

I insist, however, that, as a whole, the expenditure restraint program across departments does not fall heavier on particular regions. It is as well balanced and as broadly based and broadly spread as it could be in the circumstances.

CLOSURE OF BASES—RESPONSIBILITY FOR DECISIONS

Hon. Charles McElman: Honourable senators, on the same subject, could I suggest that the Leader of the Government in the Senate is taking an approach to this which is quite foreign to what has been the practice in Canada during all of these years with respect to military establishments?

First of all, I would dispute what he has just said. The maritime region is taking a disproportionately large and punishing blow under this, as against Ontario, as Senator Molgat has said. For example, Senator Bonnell's concern over Prince Edward Island relates to a 100 per cent cut. The one military establishment on Prince Edward Island is being closed, and that is a killing blow to the city of Summerside, literally a killing blow. I do not need to impress upon the leader's colleague sitting beside him the desperate straits that that will put that community in.

With respect to the location of military bases during war time and since the last war, one of the key factors involved in locations was economic. It was regional.

I remind the leader that only a few years ago under another administration it was decided that Summerside should be closed, and the proposed decision at that time was made on the basis of recommendations by the military. That was the basis for that decision, and it was determined that that was the wrong basis. Yes, indeed, shake your head, but it was determined that that was the wrong basis, and that that had such meaning to the economy of the Island that it should not be simply a military decision.

The leader's suggestion that the government makes a decision as to budgetary necessities and then asks the military to decide where cuts will take place certainly should not be the situation. The military should not have final say on what bases should be closed. Historically, the maritime area has been recognized as an area that would have a larger element of military presence, not on the decision of the military people but on a decision of the Government of Canada.

I suggest that that should be the policy today. The military proposals should be given great consideration; there is no question about that, but the final decision has to rest with the political people who are members of the Government of Canada, and more than budgets have to be the basis for that decision.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I hope I have not suggested the situation is otherwise. I hope I have clarified that in reply to the question put by Senator Stewart. Of course, the final decision is made by the Government of Canada, but in a situation where funds are going to be very scarce the government has a duty to ask the defence, civilian and military experts for their judgment on where the defence and military priorities are.

While regional considerations have played and do play a part in these deliberations, the priority consideration, when it comes to allocating scarce resources in a situation of this kind, must be to the vocation and the mission of the Department of

National Defence, which is the defence of the country and associated military considerations.

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—GATT
NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—REQUEST
FOR PROGRESS REPORT

Hon. H.A. Olson: Honourable senators, I have another urgent question for the Leader of the Government in the Senate and it has to do with the announced initial prices for grain by the Canadian Wheat Board for 1989-90. The leader will recall, I am sure, that that was reduced in some grades of grain by as much as \$40 per tonne, or 20 per cent of the gross of the grain.

● (1520)

I should like the minister either to answer today or to take as notice the question as to why the government felt this enormous reduction was necessary. I should also like him to bear in mind that I asked him some questions about this a few days ago, at which time he gave an undertaking that he would come back with an answer in a day or two.

As far as I know, I have not received the answer yet, and this is the beginning of the planting season in western Canada—in fact, some of the southern regions are well advanced in this area even today—and I think they have a right to know what the government's reasons were for these decisions so they can take that into account when they make their management decisions for 1989. This is important!

Officials of the government expressed optimism as a result of the meeting held in Geneva that the international price subsidy war was over and that the farmers could look forward with some optimism to the situation in the future. Since then the government has announced as much as a \$40-per-tonne reduction in the initial price of wheat. We need some explanations. Was that optimism just a bunch of garbage?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Well, I do not understand how the honourable senator can draw a connection between a rather long-term assessment of the situation made by ministers following the Geneva meetings and the shorter-term decision on the initial price. In any case, I will obtain the information that the honourable senator seeks.

With regard to the Geneva meeting, I saw a delayed reply to that question today and I will bring it in tomorrow.

Senator Olson: Honourable senators, the minister knows as well as I do that the cabinet makes the decision as to what the initial prices are going to be—and there are good reasons for that, but I will not explain them now. But at least some time ago, in the past administration, the decision was based on an assessment of what the price or the prospect of the price might be during that selling season—in this case beginning on August 1, 1989, and going to July 31, 1990. Apparently the government feels that it is appropriate to reduce the price by

[Senator Murray.]

\$40 a tonne, or as much as 20 per cent of the initial prices that are being paid in the 1988-89 crop year.

That is why I asked the question, and I really cannot believe that Senator Murray cannot see the relationship between that and the government's assessment, which was based on the observations of the people who were at the Geneva meeting and so on.

Senator Murray: Well, honourable senators, the optimism that was expressed by the Canadian ministers and others spoke to the prospect of reaching a solution to the problem of subsidies, which has bedevilled international markets for some time.

The honourable senator is drawing a relation between that optimism as to how an essentially political process will turn out and wheat market conditions over the next 12 or 18 months. I simply suggest that there is no logic apparent to me in the connection that he is trying to make.

Senator Olson: Well, honourable senators, what I am talking about is the price. The international subsidy war lowered the price. That was the problem. Then they expressed optimism that that was going to come to an end as a result of the reference to the Geneva meeting from the Uruguay meeting some time ago. But, in absolute contradiction, they reduced the price by \$40 a tonne after they had expressed optimism that this problem was going to be resolved.

I have to feel sympathy for the minister if he cannot see the relationship between the two, but perhaps that is an indication of the competence of this government.

Senator Murray: Honourable senators, I think the honourable senator is drawing a rather long bow and is trying to make political points out of whatever straw is available.

Senator Olson: Ask Barootes; he can see the relationship!

Senator Frith: And hitting a bull's-eye with every stroke!

Senator Murray: Let me, therefore, simply anticipate the Delayed Answers period and read the reply that has been prepared by the department to the honourable senator's question of April 18.

A key element of the package agreed to in Geneva is a negotiating framework for the liberalization of international agricultural trade and a progressive reduction of trade distorting support measures. The negotiating framework is a blueprint for negotiations. It is intended to lead to the establishment of a fair and market-oriented agricultural trading system, with the ground rules applying to all trading countries. A work program has been agreed to which calls for a definition of and possible use of an aggregate measure of support, including decoupled income support, tariffication, and health and sanitary measures. A commitment was made to implement the first transition of the long-term reforms in 1991.

Senator Olson: That is after 1990!

Senator Murray: Agreement was also reached in Geneva on some short-term political commitments. They will remain in effect from now until the completion of agricultural negotia-

tions in December 1990. The short-term agreement provides that current support and protection levels in the agricultural sector will not be increased during the period of the negotiations. This means that countries will not change policies in a manner that would further restrict access to markets, raise internal levels of support or increase export subsidies. Countries further agreed to examine, by October 1989, the possibility of reducing support and protection levels for 1990.

As the honourable member requested, I am happy to table an elaborative comment with respect to the foregoing from the Minister of State for Grains and Oilseeds with particular reference to the grains and oilseeds sector.

The honourable senator is attempting to infer that because of the progress that was made—

Senator Frith: Implied! Implied!

Senator Murray:—in Geneva on this matter, that somehow the Canadian government would have been justified in a higher initial payment than is the case; and, as I say, he is drawing a connection between the long-term political process and an immediate decision that I do not believe is really logical.

Senator Olson: Well, honourable senators, I hope the minister will take as notice my question as to why the Canadian government decided to reduce prices by as much as \$40 a tonne below the payment that is being made now—and they are going to make that reduction on August 1, 1989. See how that squares with this optimism that he is talking about!

Senator Murray: I wish the honourable senator had asked that question in the first place. I would have sent out for a reply to it. Instead, he enveloped it in a lot of—

An Hon. Senator: Ritual.

Senator Murray:—unnecessary rhetoric having to do with an entirely different situation.

Senator Olson: It is the same thing.

NATIONAL DEFENCE

CLOSURE OF BASES—ALTERNATIVE ECONOMIC DEVELOPMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask the Leader of the Government in the Senate a question going back to the base closures. Could he tell us whether the government has any plan or program to facilitate or direct new development or new industry into the areas where these bases have been closed down, particularly in areas such as Prince Edward Island?

● (1530)

We heard from the Minister of National Defence on television this morning that perhaps there was a hope of some kind that a private sector pilot training program might be directed into the area of Portage. Is there any kind of plan to do this sort of thing with other bases?

Surely it could not be that one of the overriding imperatives of the Budget is to take away jobs in areas where there are no

alternate means of employment, particularly when the government is pulling out of the unemployment insurance program.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I could provide quite an impressive list of the programs and policies that are not in place and that could be brought to bear on situations, such as that which the honourable senator has described, whether in Portage or Summerside. Not only are there regional agencies but there are programs under Employment and Immigration Canada and so forth. In addition, a variety of adjustment programs can, and, I am sure, will, be brought into play in these situations.

Senator Olson: Are you going to privatize National Defence or just abolish it?

AGRICULTURE

GRAIN FARMERS—REDUCTIONS IN FINANCIAL ASSISTANCE—NATURE OF CONSULTATIVE PROCESS

Hon. Hazen Argue: Honourable senators, the minister may be in a hurry to leave, but I have a question for him. As we all know, a number of cuts have been made to various votes, grants and legislative moneys for grain farmers, particularly the grain farmers of western Canada.

My question to the minister is this: Can he inform the house as to what the consultative process was prior to these conclusions being made and prior to the announcement of the Budget? Can the minister say whether the premiers were consulted, whether they were informed of what was happening or whether their views were sought?

It seems to me that this was such a major departure for a government that has paid substantial subsidies to grain producers in trouble over the last three or four years that it is difficult to understand the process that should lead to such drastic cuts in so many areas.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do contest the statement of the honourable senator that there have been drastic cuts in the area of agriculture. I think I could demonstrate the contrary, and perhaps we will have an opportunity to do so in the debate.

As far as the consultative process is concerned, I will endeavour to obtain a report on that matter from the minister.

Senator Argue: Is the minister aware of any consultations having taken place?

Senator Murray: As I have told the honourable senator, I will endeavour to obtain a report on that matter from the minister.

TRANSPORT

NEWFOUNDLAND—WITHDRAWAL OF AIR CANADA SERVICE FROM STEPHENVILLE—INQUIRY STANDS

On Inquiry No. 1 by the Honourable Senator Marshall:

That he will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.

Hon. Jack Marshall: Honourable senators, I wonder if I could obtain unanimous consent to allow other senators to proceed with their inquiries. Then, time permitting, I will proceed with mine. I ask that I be called later.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Inquiry stands.

[Translation]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—
DEBATE ADJOURNED

Hon. Paul David, pursuant to his notice of inquiry of April 5, 1989:

That he shall draw the Senate's attention to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.

He said: Honourable senators, I am pleased to present you with the results of a study done by Mrs. Mary Colbran Smith with the help of a research grant approved by the Committee on Internal Economy, Budgets and Administration. I am especially grateful to my colleague, Senator Baroote, for having suggested that devoted and competent researcher who helped me reach my goal.

I would be happy to send copies of that 37-page document written in English upon request.

The study is divided in two sections: the history of the Canadian health program and the evolution of total health costs in Canada from 1975 to 1985. I will add to that objective study my personal subjective comments expressing my concerns about the current status of our health system.

Honourable senators, the evolution of the national health insurance system and its funding will be briefly summarized.

Since health is a provincial jurisdiction, insurance programs are cost-shared and involve intense negotiations between the federal government and the provinces. There have been four major stages in the development of the Canadian health care system.

The first stage was the establishment in 1957 of an insurance scheme covering the cost of a hospital stay and of diagnostic services.

The second stage followed the recommendations of a Royal Commission on Health Services chaired by Judge Emmett Hall. The medical insurance program became law in 1967. It funded doctors' fees and introduced national standards: universality, comprehensiveness, accessibility, transferability and program management by an agency appointed by each provincial government.

[Senator Murray.]

Cost-sharing between the two levels of government has remained stable at about 50 per cent, even though the terms changed in 1977, 1982 and 1986.

Finally, the 1984 Canada Health Act combined previous laws after a second enquiry by Judge Hall who condemned two growing irritants in several provinces: extra-billing by doctors and user fees imposed by the provinces in their own establishments.

Honourable senators, our research made it possible to put figures on the trend in health outlays from 1975 to 1985.

Over-all health expenditures increased from \$12.239 billion in 1975 to \$39.783 billion in 1985, up 225 per cent. On a per capita basis, \$539 in 1975 against \$1,568 in 1985, or 191 per cent more. One interesting fact is that in American dollars each US resident represented expenditures of \$590 and \$1,721 in 1975 and 1985 respectively, an increase of 192 per cent, the same as in Canada.

The better to understand this seemingly skyrocketing cost increase, we redid our calculations while taking into account the consumer price index over that ten-year period. In constant dollars, that is without allowing for inflation, the \$12 billion in 1975 would have amounted to \$18 billion in 1985, or a real cost increase of 50 per cent in ten years. The 1975 \$539 per capita cost would have been \$723 in 1985, up 94 per cent. These cost increases are much less spectacular than the constant dollar figures that are usually quoted. Just the same the increases are roughly 5 per cent a year more than the consumer price index for total outlays and about 3 per cent more than the per capita figures.

Another approach to over-all health expenditures in Canada is to look at them in terms of gross national product percentage trend: 7.2 per cent in 1975 to 8.6 per cent in 1985.

Hon. Philippe Deane Gigantès: What about the United States?

Senator David: I did not have that information in my brief but I will get to you later.

We then compared health expenditures as a percentage of the gross domestic product in industrialized nations. In 1984, not in 1985, Canada with a rate of 8.4 per cent ranked fourth after the United States at 10.7 per cent, Sweden at 9.4 per cent, and France at 9.1 per cent. The lowest rates were recorded by Britain with 5.9 per cent, Japan with 6.6 per cent, Italy with 7.2 per cent, and West Germany with 8.1 per cent.

Health expenditures fall under seven categories. Hospitals rank first with 44.5 per cent and 40.4 per cent of expenditures in 1975 and 1985 respectively, followed by physicians' fees which remained stable at 15.87 per cent. Other health institutions went from 9.8 per cent to 11.3 per cent, and prescription drugs from 8.9 per cent to 10.2 per cent. In 1985 these four categories accounted for almost 80 per cent—78.9 per cent to be exact—of expenditures against 77.6 per cent in 1985. Therefore no significant trend in cost distribution can be noted.

Over the same period the rate of participation in health expenses by the three main partners—the central government,

the provincial governments, and non-government contributions, or health costs paid by individuals—remained stable.

In fact, in 1975, the federal contribution was 31.1 per cent, that of the provinces 43.1 per cent and the cost borne by individuals, 23.8 per cent. In 1985, the percentages were sensibly the same at 32 per cent, 40.8 per cent and 24.4 per cent.

It is interesting to note that all along our study the percentages spent for four service sectors by all Governments in Canada varied as follows: health, from 12.5 per cent to 12.4 per cent; education, from 14.8 per cent to 12.9 per cent; social programs, from 22.5 per cent to 24.2 per cent; debt servicing, from 8.0 per cent to 12.5 per cent.

In 1975, those four sectors represented 57.8 per cent of all spendings and ten years later, they represent 62 per cent, a substantial rise due to social programs and especially to servicing the debt.

Honourable senators, here are the results of our objective study:

First, the research has demonstrated that Medicare has gradually progressed between 1957 and 1984 to become a universal system that is free, globalizing, open to the public and rather well controlled economically.

Second, in current dollars, spending has grown very considerably, giving the impression that health costs are more and more out of control, representing a bottomless pit for our economy.

Hon. Royce Frith (Deputy Leader of the Opposition): What term have you used?

Senator David: A bottomless pit, a precipice.

Senator Frith: It is not a matter of translation, I understand, thank you for the translation.

Third, per capita health expenditures in Canada and the United States have been following a parallel curve but it is to be noted that those expenditures in American dollar terms are higher in the United States and their percentage of the Gross National Product also are higher down South. To that extent, our public universal system compares favourably with the American system.

Fourth, our system's costs as a percentage of the Gross Domestic Product rank fourth among our major industrialized partners, which in itself is an excellent record for Canada and the provinces who administer the system.

Fifth, when analyzed in constant dollar terms the growth of those expenditures really becomes much less dramatic. The prediction is for an acceleration of those additional costs for two main reasons—population ageing and the use of increasingly sophisticated scientific and technological discoveries.

Sixth, we know that in 1981 senior citizens accounted for 10 per cent of the overall population and were responsible for 40 per cent of health expenditures. In 1986, that group accounted for 10.5 per cent of the population and demographers predict they will reach 13 per cent in the year 2001 and 18 per cent in

2021. A commensurate increase in health care costs is to be anticipated.

Seventh, new developments will continue to occur in medicine, the use of which will lead to the purchase of new instrumentation, more efficient drugs and more costly operations. Also, the benefits of prevention and the correction of certain, well-identified risk factors will have a favourable impact not only in terms of cost avoidance but above all the quality of life of a healthier ageing population. An unfavourable factor will remain the emergence of new illnesses. AIDS, for instance, already has taken significant proportions and its prevention, treatment and eventual cure will require heavy extra financial resources.

Honourable senators, at the conclusion of this review, it can be stated that in view of the aging population and rapid progress in medicine, cost increases in the Canadian health care system remained within reasonable limits. On the other hand, we may wonder whether the system's goals have been met with equal success.

To be realistic I must express doubts as to that, and stress a multiplicity of problems that probably point to a crisis, the effects of which will become increasingly visible and unbearable to the ill and the general public. I will limit my comments to sharing my observations and concerns.

Based on the figures in this study, and assuming an unchanged rate of growth for expenditures (4 per cent inflation rate and 4 a point overshoot), it can be assumed that health costs for 1989-90 will probably reach \$54 billion.

In view of the fact that the Federal and Provincial Governments are carrying a huge debt, it is likely that greater cuts will take place in an effort to control health costs. We have seen that hospitals and health establishments represent over 50 per cent of the costs incurred within the system. This sector which has been exposed for the past several years to budget restrictions will become increasingly more vulnerable. The congestion of emergency rooms, the lengthening of waiting lists, the closing of wards and the outdated equipment are clear evidence that the operation of our short term care hospitals is inefficient.

If I may, honourable senators, I should like to comment further on these findings.

The congestion of our emergency services is particularly acute in our major centres. The main reason for this congestion is the high percentage of beds in our short term care hospitals which are occupied by chronic care and older patients whose hospitalization may last for months and sometimes years. Let us imagine that such a percentage is 15 per cent (a conservative figure) and that an average length of hospitalization for these sick people is six months; which means that out of every hundred beds in a short term care hospital, fifteen are used by 30 patients which normally could accommodate 540 patients over an average stay of ten days (a high figure for short term care).

The lengthening of waiting lists for elective and investigative surgery or specialized diagnostic procedures jeopardizes the

health of a great many patients. While they are faced with extremely long waiting periods, their conditions worsens. Should a deterioration or complication occur, these patients end up in an emergency service and contribute to the chronic congestion we have just mentioned. The solution is therefore that of the emergency itself and is due to the fact that there are not enough short term care beds available.

The two problems we have just emphasized are intensified by the closing of active wards for increasingly longer periods during the Summer holidays, the Christmas and New Year holidays, the Easter holidays and sometimes during the year for periods of unlimited duration.

Another unpleasant finding in the short term care hospitals is the increasingly evident aging of medical equipment and instruments, the impossibility to replace them at a rate consistent with their use with similar tools which incorporate the rapid progress of modern technology. I feel that an adequate medical equipment is an essential component of any modern hospital. It contributes to the precision of diagnosis and treatment. It becomes a key element of the quality of our hospital system.

The four problems I have just briefly summarized are of very great importance.

The congestion of emergency services with patients on stretchers waiting for beds is an inhuman, sad, disconcerting and odious spectacle in a society such as ours. The patients thus hospitalized in excess number in passage ways, small rooms, improvised corners are packed solid. Sometimes the only intimacy is that provided by a screen and the only means of communication is a bell. Day and night, they must endure the comings and goings of a dedicated yet often insufficient staff, the constant lighting, the inevitable noise and primitive sanitary conditions. Because of lack of space, the family is absent and, in any case, a loved one can barely stand this atmosphere for any length of time. Is it logical or acceptable that very sick people whose condition is precarious and whose prognosis is uncertain, should be kept waiting for days on end in a place rendered totally inhospitable by monstrous overcrowding and unworthy of a civilized hospital in an industrialized country?

Is it logical or acceptable that patients should be put on a waiting list for months for diseases that are stable at the time of the physical examination, but whose evolution can lead to rapid deterioration, serious complications and sometimes sudden death? As a case in point, the diagnosis of a coronary disease is fraught with prognostic uncertainties. When a doctor prescribes a coronary angiography (cardiac catheterization), an angioplasty (instrumental dilation of the diseased artery) or an aortocoronary bypass (cardiac surgery), is it conceivable that the patient should, at great risk, wait months before getting admitted to the hospital?

Is it logical and acceptable to use obsolete equipment which can distort the interpretation of the diagnosis or break down when needed or simply become unusable.

[Senator Frith.]

Honourable senators, these problems have a common denominator which is insufficient funding for hospitals. Such a statement is all the more provocative since the Canadian health system is regularly described as the best in the world. It is comforting to explain these deficiencies by the unfair distribution of financial resources between the federal and provincial governments, inadequate planning, struggles for power and prestige, abuses by the public and the medical profession, overuse of technological developments, incomplete rationalization, and so on. Personally, I think we may not have the financial means to subsidize the "ideal system" which we have so generously put in place.

Let me substantiate these allegations by going over once more the problems I mentioned earlier. In order to accommodate the chronically-ill and older patients in short-term care hospitals, we will have to build new hospitals for this type of patients. It is estimated that in a city like Montreal, 1,000 beds would immediately be needed. If that is right, why have we been discussing this issue for years and why don't we readily agree to make the necessary investment?

The beds thus made available to patients in emergency wards and on waiting lists will cost a lot more since each bed will be used by about 36 patients whose health and surgical needs would mean additional expenses not included in the already too expensive budgets of short-term care hospitals.

Congestion in emergency wards will be over and waiting lists will shorten only if those beds are occupied all year around, and we will no longer be forced to close down beds, as seems to be the rule these days. And if we are forced to close down beds, it is because we don't have the necessary funds we need.

New equipment entails significant expenses. Most hospitals have already established foundations to help pay for the capital expenditures normally incurred by the health care system.

I think that this information shows it is vital that we should invest without any further delay if we are to deal with the needs of patients who are now suffering from lack of resources in many short-term care hospitals.

Honourable senators, it seems that recruiting all the nursing staff needed in hospitals is another problem which is becoming more alarming every day. Nursing, where women are predominant since their proportion varies between 90 and 95 per cent, does not attract as many candidates as it used to, mainly because women can find better working conditions and more money in other fields. We urgently need a change in attitude and new values when time comes to negotiate salaries in keeping with all the responsibilities given to the nursing staff nowadays. I cannot see how we can find a workable solution to this urgent problem without agreeing to significant salary increases.

My last series of questions concern universality, a subject so controversial I hardly dare speak about it. We may not be daring or courageous enough to make a serene, realistic, objective and hopefully fruitful analysis of it.

We all agree, on the principle itself, that the system is generous, fair and popular. It is probably because it is universally free that our system is considered as the best in the world. On the other hand, the financial cost of this free system is tremendous. The fundamental question we must ask ourselves very sincerely is whether we still have the financial means to maintain the quality and quantity of the services that are offered free.

Honourable senators, the clear feeling I get from that research and my personal reflections is that we must think out a new financial balance to respect fully the commitments of the system we have built since 1960.

To that end, we recommend that a committee or sub-committee be created to review, in co-operation with the provinces, the concerned agencies and the public, all the advantages and disadvantages of the present system and to make proposals in accordance with the needs of the sick and our financial resources.

I thank you for your kind and patient attention.

Hon. Philippe Deane Gigantès: Honourable senators, I thank Senator David for his excellent speech which reflects great wisdom and gives us a lot of information.

I should like to take him up on his offer and ask him for a copy of the document to which he referred earlier. After reading this document I might want to ask him a few questions concerning his remarks. I think his words were of great help to us and enlightened us on an issue which deserves to be clarified. Thank you.

Hon. Pierre De Bané: Honourable senators, government-assisted health care financing is over thirty years old. The Canadian government's contribution to the provinces during those years helped raise the quality of our health care system to a very high level and made it one of the best in the world.

This government assistance has helped to establish an excellent system across this country that is accessible to all Canadians without regard for their financial circumstances.

However, there is a growing awareness that the system is facing increasingly acute problems. I think the speech by Senator, or should I say Dr. Paul David, one of the most eminent physicians in this country, has put the finger on these shortcomings. I would like to mention a few. Costs are increasing rapidly. Access to certain types of medical care is becoming increasingly difficult. Delays and postponed admissions to many specialized hospitals cause suffering, and there are claims that in some cases, the delay has contributed to the deaths of certain patients. Another problem is aging hospital inventory and equipment and inadequate funds for repairs and renewal. Another problem is that the needs of certain groups such as the elderly and the disabled are not dealt with satisfactorily. Budget restrictions tend to delay the introduction of new technologies and new treatment systems. Finally, in some parts of the country there is an urgent need for nurses and doctors.

Unfortunately, honourable senators, the way financial difficulties are resolved will have an impact on our health care

system. Setting up a modern health care delivery system is a very complex and difficult matter. All proposals for change must be carefully analysed, and the parties concerned must be heard before any changes can be initiated.

The Canadian government has played a leading role in developing a modern health care delivery system in Canada. I also believe it should take the initiative at a time when that system is being challenged, to preserve the high quality of our health care and keep the system accessible to all Canadians.

Our present system goes back thirty years, to when the Liberal Party was in power. Successive governments saw it as their mission to establish a free health care system and subsequently eliminate all competition and provide for a State monopoly in this area. It was argued that this monopoly would guarantee access to the system and maintain its high quality.

Initially, during the 60's when the system's financing was not a problem, the new plan was a considerable step forward. Institutions across the country met uniform standards, specialized services increased and there was considerable activity in professional training and research.

However, with the economic problems of the 70's and 80's, the system is again showing signs of deterioration. The quality standards have started to go down to the point where basic needs such as hospital admissions are increasingly difficult to meet, and where the delay in receiving health care services or the deterioration of those services cause suffering and even death.

I say to my Liberal colleagues that, even though health care delivery is primarily under provincial jurisdiction, the Liberal governments wanted to set very high standards for these programs. It seems that what they left us is threatened by events and problems that could not be foreseen 30 years ago.

We must reiterate the objectives of former Liberal governments for an accessible quality health care system, which is what they wanted to create. Conversely, if the system deteriorates to the point where there are two levels of health care services, one of which requiring that richer Canadians go to the United States to receive treatment there, then the Liberal Party will be blamed for having initiated a policy that will ultimately lead to the deterioration of our health care system.

As for the senators on the government side, and I agree with Senator David who recommended that they should encourage the consideration of this matter, specially since their party has not been running the affairs of the country for most of the last 30 years. The Conservative government has already promised not to challenge the principle of accessibility. Indeed, the system started to show some signs of deterioration since the Conservatives came into office, and I do not want to imply that it is their fault. Therefore, it is the responsibility of the Conservatives as much as the Liberals to participate actively in the determination of the necessary adjustments.

Honourable senators, it is imperative that this matter be considered, and a Senate committee would be the ideal forum for doing so. The health care policy is a delicate and explosive

matter and I am not sure that it could be considered as calmly as it should in the other house of Parliament.

The problems and shortcomings of the system are now quite obvious to those who want to see them. For example, the limits of the financial resources of all levels of government are particularly acute, the morale of those working in our health care system is very low and has been for several years, to the extent that there is a serious lack of medical personnel and some of our most eminent physicians leave for the United States.

Public access to the health care system is not only threatened, but it is already more restricted and difficult. Health care institutions are deteriorating and technological improvements are not integrated as they become available. Funds for professional training and research are increasingly scarce.

As the political debate becomes more and more heated, it becomes difficult to find out what the real situation is and the measures announced by governments seem desperate. The rapid escalation of the crisis prevents a thorough, systematic study and Senator David gave us figures on the skyrocketing costs of health services. There is a great danger that measures to correct the deficiencies will be adopted hastily, without considering the whole situation.

In summary, it is urgent for the Parliament of Canada to conduct a thorough review of our whole health care system. Indeed, deficiencies can be noticed in all provinces. The Canadian Government's original idea was to establish a portable universal system with uniform quality standards throughout the country.

I feel that a Senate committee would be the ideal forum to study this question; we are a more impartial, less partisan body with a long-term perspective. There is also, may I point out, a pool of talent among us—eminent physicians like Dr. David and others, former federal and provincial Ministers of Health, women and men who have been elected and re-elected by the people, former Ministers of the Crown. In short, we have a pool of talent to study the question competently and thoroughly, to make appropriate recommendations reflecting today's realities.

Let me describe for you some of the elements of this health system which is in a state of crisis. I will start with financing:

First of all, health care needs have increased so much over the years that some provincial Governments devote to them today one third of their budgets, and this is still not enough. I am sure that the figures quoted by Dr. David are true and show how substantially the costs have increased, even taking inflation into account and speaking in constant dollars.

Second, the hospitals everywhere in Canada are faced with the dilemma of either exceeding their budgets or closing beds, if not entire wards in their institution.

Third, the budget cuts threaten the health care standards, the progress in medical treatments and the system accessibility.

I know a number of patients who have been waiting for months to be hospitalized.

[Senator Ban]

Fourth, the surgery and general administration costs are no longer under control. There is hardly any money for capital investments or even maintenance as well as for the repair of existing facilities and technological equipment in use.

Finally, the Canadian Health Care Act of 1984 prohibits any collection of users fees.

Second symptom, the losses and wastes:

First, theoretically speaking, a large part of our health services in Canada has no limitation. There is therefore hardly any control over the costs. The users and the workers within the system are not aware of the costs. It is through persuasion or, which is worse, through uniform reduction in all the hospitals that abuses are ended.

Second, the system overhead is high and the administrators' accountability to the public is non-existent.

Third, the lack of long term planning is a major cause of waste. The crisis management, generally a very expensive method, seems to be the provincial departments' response to the health problem.

Accessibility is the major issue which Senator David dealt with.

Firstly, patients generally experience little difficulty in obtaining first level health care. On the other hand, they experience much more difficulty when they try to have access to second and third level health care services. Practically speaking, this means that the patient who enjoys good health, does not face undue delay in obtaining the adequate treatment. On the other hand, if the patient is faced with serious health problems, the treatment he needs is provided in specialized institutions with limited budgets. The access to these institutions becomes increasingly difficult and the delays result for the patients in anxiety and distress, and sometimes death.

Second, distant regions have difficulty recruiting health care personnel. One of the reasons (certainly not the only one) is the fact that there is no adequate supplementary benefits for those who would be willing to move there.

Third (and this is a question) can the Federal and Provincial Governments, after having promised high quality health services, now offer services which are deteriorating slowly, while forbidding the population access to alternative methods? Is the Canadian people prepared to accept a more stringent rationing of health services?

• (1610)

[English]

Fourthly, the Canada Health Act promised equal access to all and was designed to prohibit a two-tier system. If access to medical care remains a problem, there will be more and more instances of patients who have the means seeking treatment in the United States.

Another problem is manpower. The most urgent problems in the system are in this area. The morale of health care workers is very low at present.

With respect to the nursing profession, the shortage of registered nurses is a worldwide crisis, which has also become

acute here in Canada. We all know of other countries and people who come here to hire our nurses. There is a worldwide shortage. There is a need for an impartial study of the changing role of the nursing profession to address the problems of salaries, unionization, levels of education and responsibility and work schedules and roles in the planning processes in hospitals and in ministries of health.

Similarly, the roles of other workers in the health care system need to be studied and assessed—paramedical workers, workers in homes or in institutions for the handicapped.

The medical profession is in crisis:

Prominent physicians are leaving the country.

Arrangements of payments to physicians are in flux.

Normal bargaining practices are abandoned by governments in contract negotiations with physicians.

The self-governance of the profession is threatened.

The independence of the profession in deciding treatment is threatened.

The increasing incidence of legal action is determining treatment.

Licensing a physician is becoming politically determined. Freedom to practise is threatened.

The profession is not included in the planning process of the ministry.

Many ministries of health in Canada have taken a confrontational attitude towards the medical profession.

● (1620)

Finally, some provincial governments seek to limit health costs by controlling the supply of health care workers. No widely accepted studies have been made on the numbers of positions that exist or the number of health care workers needed in the system.

Provincial governments have attempted to control the numbers of students in nursing programs, with disastrous effects. Controls already in place and proposed for numbers of physicians are controversial.

Honourable senators, I now turn to the subject of epidemiology.

Firstly, the medical needs of the country have changed radically in the last 50 years. Modern medicine can improve the quality of life, but not without expense. Many diseases which at one time killed, maimed or disabled large sections of the population have now disappeared or are curable or under control. Curing and controlling these diseases entails expense: vaccination, drug therapy or surgery. Remaining incurable diseases, such as kidney disease, heart disease and some forms of cancer, can sometimes be controlled by therapy.

The public expects to be treated with the most modern and effective methods possible.

However, there are controversial treatments and moral dilemmas in the availability of modern therapies. Ethics, emotion and cost effectiveness come into conflict in some of these more extreme instances.

Secondly, the success of modern medical care has increased life expectancy. The developed world is thus facing a new crisis, that of coping with an expanding percentage of the population that is aging. Health service for this aging population will be costly. No amount of preventive medicine will compensate for the deterioration of the body which occurs in old age and which can be addressed by modern medical treatment.

Honourable senators, on the subject of technology, I would first point out that modern technological developments have revolutionized medical treatment. The public has grown to expect the best means of diagnosis and therapy available.

Secondly, the development of new methods of treatment is often initially costly but proves, in many cases, to be cost effective over time. Canada is lagging behind other developed countries in its implementation of new technological methods of treatment. Lack of funding for new developments will prolong outmoded treatment and will hold back medical scientific development with resultant negative effects on the health of the population, on the position of Canada as a medically developed country and on medical education.

Thirdly, cost-cutting controls which inhibit the development and use of new technology will erode the quality of care in the short run and will be expensive in the long run.

Honourable senators, in terms of bureaucracy, I would point out that the administrative costs of a centrally controlled system are high and are escalating. New cost-cutting measures proposed by government usually entail higher administrative costs. In the typical pattern of western governments in the 20th century, funds are removed from activity to be moved to supervision of activity. There is little public scrutiny possible for these expenditures.

Honourable senators, with government control over most of our health care, long-term planning has become imperative. Government planning has mainly been in the area of budgeting and, latterly, cost containment. There is little cooperation in the planning process with health care professionals.

Finally, I turn to standards and rationing of medical care. In the past economic status could often determine the quality of and access to medical care. Now, with access nominally equal, but with decreasing resources, standards are declining and access decreasing. The latter quickly becomes an urgent public issue, but the former is slower to become evident to the layman.

Honourable senators, if health care is to be rationed, who will make that decision?

[Translation]

For all these reasons, honourable senators, I think that the suggestion of my colleague, Senator Paul David, one of our most eminent physicians, should be implemented as soon as possible. Thank you.

Senator Gigantès: Honourable senators, I wish to congratulate Senator De Bané and also to apologize for having requested adjournment of the debate. I did not see that he intended to

speak. So I ask honourable senators to agree to adjourn this debate in my name.

[English]

Hon. Brenda M. Robertson: If I may interject, I should like to ask the honourable senator if he intends to speak to this in the next few days.

Senator Gigantès: Honourable senators, as soon as I have a copy of Senator David's speech I will speak. I expect that that will be on either Thursday or next Monday, but no later.

Senator Robertson: I would point out that I, too, want to participate in this debate.

Senator Gigantès: Senator David did offer to make the statistics available, and I would point out that one cannot just listen to statistics, one has to consider them.

Senator Frith: I am sure Senator Gigantès would yield to anyone who wished to speak.

Senator Gigantès: I will certainly yield to anyone who wishes to speak before I am ready.

On motion of Senator Gigantès, debate adjourned.

NATIONAL SECURITY

BUS HIJACKING—DEBATE ADJOURNED

Hon. William M. Kelly rose pursuant to notice of April 18, 1989:

That he will call the attention of the Senate to the hijacking incident that occurred in Ottawa on Friday, April 7, 1989.

He said: Honourable senators will know of my interest in the subject of terrorism and the extent to which we in Canada are prepared to respond to terrorism and terrorist incidents. You will appreciate, therefore, my particular interest in the bus hijacking incident that occurred here on Friday, April 7.

With your permission, honourable senators, I should like to review that incident briefly, perhaps point out some flaws that surfaced, and then put the incident in the context of some of the findings and recommendations of the Senate Special Committee on Terrorism and Public Safety that reported in July of 1987.

Honourable senators, what I have to say has been gleaned from informal discussions of the incident with several government officials and police officers, from media reports and, obviously, from my own reflections. Obviously, we have to bear in mind that the incident is currently being examined by RCMP Commissioner Inkster in consultation with his counterparts in Quebec and the Ottawa Police Force to establish the facts and what actually transpired.

Let me briefly recapitulate the events of that Friday in order to set the context. At 11.45 a.m. a Greyhound bus with 11 passengers left Montreal on its regularly-scheduled trip to New York City. At about 12.15 p.m. the bus stopped at the toll booth at Montreal's Champlain Bridge. A man left his seat on the bus and pulled a gun on the driver. Another man was

[Senator Gigantès.]

ordered off the bus with the admonition: "Get off or I'll blow the bus up." The man left the bus and reported to a Canada Ports official.

There, perhaps, is where the first slip-up occurred. Canada Ports, a federal crown corporation, informed the Sûreté du Québec, but apparently did not inform the RCMP, and one must ask why. Part of the reason is that, on evidence available at the time, the Sûreté had no indication that this was anything but a local incident. It is only with the benefit of hindsight that that perception appears questionable.

According to an interview published in the *Toronto Star* on Saturday, April 8, the Sûreté claims that at 12.30 p.m. it informed the Montreal detachment of the RCMP and put the information into CRPQ, the Centre de Renseignement Policier du Québec. It appears from available evidence that the Sûreté did inform the RCMP, but did so through a communications hook-up designed primarily for administration, research and motor vehicle inquiries. The Sûreté has no direct interface with CPIC, the Canadian Police Information Centre, and the Sûreté did not flag the information provided to the RCMP as something that should immediately be transferred into CPIC.

• (1630)

So here again, with the benefit of hindsight, is where we see that a second slip-up occurred, due not to incompetence, bad faith or a communications failure but to the fact that there is no direct, ongoing link between CPIC, the national police information system operated by the RCMP, and the CRPQ, which in Quebec is analogous to CPIC.

The Sûreté did, however, send a vague warning to the Vermont police and to U.S. Immigration. No warning was sent to the OPP.

For about two hours the bus appeared to have vanished. It did not surface again until it actually arrived on Parliament Hill, having crossed the Quebec border, traversed the streets of Ottawa and collided with a House of Commons bus. A woman left the Greyhound bus with a note indicating that an armed man was holding hostages in the bus. Two shots were apparently fired from the bus at that time.

Shortly thereafter the bus started to move around Parliament Hill and stopped for a time immediately in front of the Peace Tower. RCMP officers had now surrounded the bus and were following its movements.

At about 2.45 p.m. the bus drove onto the lawn in front of the Centre Block and just to the east of the West Block. The bus became mired, was immediately blocked by RCMP vehicles and contact was established with the hostage taker.

By this time a command post of RCMP and Ottawa police officers had been set up in the West Block, and the crisis management centre in the Department of the Solicitor General, now called the National Security Coordination Centre, had kicked into operation. Ottawa police had also assumed responsibility for crowd control off Parliament Hill.

At 3.15 p.m. another shot was fired from the bus, this one in the general direction of the U.S. embassy—and I am sure it

was not on purpose, but it was in the direction of my office as well. I was not there.

At 5.10 p.m. another hostage was released with a note for the police. The note indicated that the hostage taker was concerned about the lack of public and governmental attention to Syrian intervention in Lebanon and claimed he was acting on behalf of an unknown Christian Lebanese group.

At 5.30 p.m., with darkness threatening, flood-lights were brought in and a telephone line was connected to the bus.

Around 6.30 p.m. activity in the bus increased and the hostages were moved towards the front.

At 7.30 p.m. another hostage was released.

At 7.50 p.m. the bus driver was released.

At 8 p.m. the remaining hostages and the hostage taker left the bus. The bus was then searched for evidence and for any booby traps.

On Saturday morning an individual was charged by the Ottawa police force.

Honourable senators, in its report the Senate special committee had two overriding concerns about our ability or readiness to respond to incidents such as this. Our first concern was the ability of the federal government to coordinate the range of federal departments and agencies that would or could be involved in an incident, in order to respond effectively. Our second concern was the ability of the RCMP, the provincial and local police forces to communicate and coordinate their activities, also in order to respond effectively.

The government has not responded publicly or officially to any of the findings and recommendations of the committee. I do understand that work has gone on, internal to the government, and certain actions have been taken, but there has been no comprehensive or specific public response. In fact, much of the response has yet to receive ministerial approval. I am almost sure that most senators, especially my colleagues on the committee, would appreciate being informed of how the recommendations have been or are being addressed by the government. However, in the absence of such information, we can only judge the extent of improvements by the response to the incident. When placed in that context, Friday's incident presents both good news and bad news.

The good news is that, once the incident landed on Parliament Hill, the RCMP responded quickly and effectively. The fact that the matter was resolved quickly and without bloodshed or significant property damage is of great credit to the RCMP, which deserves our congratulations and our gratitude.

It also appears that the Canadian Security Intelligence Service, CSIS, responded well. CSIS was able to provide the police and government officials with intelligence on the individual concerned and the supposed group he claimed to represent. So the federal crisis management structure worked.

So, too, it appears, did coordination with the Ottawa police force work. Senators may recall that RCMP-Ottawa police force cooperation has been problematic in certain previous incidents, particularly the hostage taking at the Bahamian

High Commission in 1986. In this case it was a joint operation, as provided for in the RCMP-Ottawa police agreement under the Security Offences Act, and from all indications it worked well.

While the RCMP took the initiative and ran the negotiations with the hostage taker, the Ottawa police force took responsibility for containing the outer area, had a senior officer on site liaising with the RCMP, had an investigative team and a SWAT team on standby at headquarters to assist the RCMP, if required.

Honourable senators might well ask what would have happened had the incident moved off Parliament Hill on to the streets of Ottawa. Would responsibility have moved from the RCMP to the Ottawa police?

This was an issue that concerned the Senate committee, because at that time it appeared that responsibility would have moved from jurisdiction to jurisdiction, with obvious and considerable potential for breakdowns. Senators will be pleased to know, as I was, that under the agreement I mentioned earlier responsibility would not have shifted. It would have remained an exercise under the leadership of the RCMP wherever it went, except perhaps in Quebec.

So that is the good news. The bad news is that, obviously, relations and communications with the Sûreté du Québec will need work—considerable work. I understand that no agreement has been struck with Quebec under the Security Offences Act, as has been done with every other province. I also understand that the Sûreté is still not fully integrated with CPIC, the Canadian Police Information Centre.

In fairness, it is often difficult to distinguish immediately between a terrorist incident and one of common garden variety criminality. To my knowledge, there was nothing to distinguish this incident as a terrorist one until the bus arrived on Parliament Hill and a note, delivered to a House of Commons bus driver, identified the hostage taker's preoccupation. Neither, as I understand it, was there any particular indication that the bus was headed for Ottawa or Parliament Hill. In fact, perhaps quite the contrary: all the evidence seemed to indicate that the bus was on its way to the United States.

In spite of that, the communications issue that exists between the RCMP and the Sûreté du Québec, and the lack of an agreement under the Security Offences Act, is symptomatic, in my view, of a problem which we cannot allow to persist.

I know that federal-provincial relations on matters such as this can be complex, difficult and sensitive. I know that negotiations with Quebec to strike an agreement are still under way at senior bureaucratic levels.

Honourable senators, Parliament imposed the requirement for such agreements nearly five years ago, and the absence of an agreement with Quebec is a major chink in our system and our response capability. Furthermore, we must ask how the bus managed to get onto Parliament Hill.

Honourable senators, I recognize—as we all do—that Canada is a free and open society. I recognize that Parliament Hill must be accessible to the public. However, in today's

world, as other countries improve their security, perhaps we are leaving ourselves too vulnerable.

Can you imagine the impact, the symbolism and the attention that would have been focused had that bus been full of dynamite and it had been detonated under the Peace Tower? Can you imagine the impact, if the bus had been loaded with terrorists and had got that close without challenge?

Finally, honourable senators, I want to say something about the media. I can almost feel my colleagues in the committee cringe a bit—in particular, Senators Fairbairn and MacDonald—but I think it is something that should be said.

Without the media, terrorists find it much more difficult to communicate their terror and their propaganda. Most terrorist incidents are staged as media events. In my view, the media have to acknowledge that they are more than a passive or incidental part of terrorism and must, therefore, look carefully at how they handle themselves. The media's performance on April 7 had its troubling aspects. For example, at one point, when it appeared that an assault might be required, an RCMP officer crawled under the bus. Live pictures of the officer doing so were broadcast and the officer's actions were reported by the media at the time. What would have happened if the hostage taker had heard the reports? Those reports would probably have inflamed the situation and might have put the officer's life, not to mention the hostages' lives, in jeopardy.

Furthermore, I understand that at the beginning of the incident, after police had secured the area and moved the media back, media camera crews moved into offices on the north side of the Victoria Building looking for a vantage point over the incident. They were eventually shooed away by Senate staff, but they then simply moved into another building that afforded the same or nearly as good a perspective.

Honourable senators, I understand that the public has a right to know that a terrorist incident is going on and to know what has happened and how well or poorly public officials have acquitted themselves during the incident. The media play a valuable role in that nexus of information and accountability; but I fail to see how the public interest is served, or how anything other than a prurient interest is satisfied, by live, blow-by-blow coverage of a terrorist incident.

While little of a tangible worth is served, the risk is inordinately high. The risk is that live coverage will do something that, even inadvertently, inflames or prolongs the incident or endangers life or property. The media are not passive spectators or messengers in the coverage of terrorism, but they continue to act as if they were.

During the Senate committee hearings representatives of a number of news organizations appeared before us. Several of

them had devised their own guidelines to regulate their organizations' handling of terrorist and analogous incidents. On paper, those guidelines looked pretty good. I was concerned, however, as were some of my colleagues, about what would happen in practice in the heat, tension and immediacy of an actual incident. Would the guidelines be respected or would they be cast aside or forgotten in the quest for a "scoop" or "dramatic film footage"?

● (1640)

CBC coverage of the Turkish embassy incident in April 1986 earned an award. But, before the committee, police officers involved in that incident expressed concerns that the coverage could have endangered lives: hostages' lives, the ambassador's life and police officers' lives. I refer you to our report for the details of that incident.

It is a fact of life that awards have a greater impact and speak louder than any guidelines for media behaviour during a terrorist incident. I am concerned, therefore, that the CBC's award-winning Turkish embassy coverage has set the real standard for performance, and that the guidelines will be ignored.

I can only ask again: When is the media going to come to grips with its own behaviour during incidents of this sort?

With that, honourable colleagues, I conclude my remarks with thanks and congratulations to the RCMP and others who responded so well and with an admonition to certain others that important work remains to be done. I personally think that we were lucky on April 7. There are those who will continue to count on good fortune. I think that is folly. Air India shows how catastrophic one incident can be.

I know there are measures in process to strengthen the government's response capability. I trust that those measures are proceeding and will be effective. I certainly would be interested to hear what those measures are.

On motion of Senator Kenny, debate adjourned.

THE SENATE

SIMULTANEOUS INTERPRETATION

Hon. Douglas D. Everett: Honourable senators, before we adjourn, I noticed during Senator Kelly's excellent speech that I could hear the French translation wafting over the chamber from above. One of the hallmarks of interpretation in the Senate has been that one hears the interpretation through the earpiece, not externally. I wonder if His Honour could cause someone to look into that to see if the interpretation echo could be silenced.

The Hon. the Speaker: Very good, Senator Everett.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

WEDNESDAY, MAY 3, 1989

WEDNESDAY, MAY 3, 1989 *(Cont.)*

NATIONAL FINANCE

256-S6:00 p.m.

The examination of the Main Estimates laid before Parliament for the fiscal year ending March 31, 1990

THURSDAY, MAY 4, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 9

OFFICIAL REPORT
(HANSARD)

Wednesday, May 3, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, May 3, 1989

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

NATIONAL FINANCE

FIRST REPORT OF COMMITTEE TABLED

Hon. Fernand-E. Leblanc: Honourable senators, pursuant to Rule 84, I have the honour to table the first report of the Standing Committee on National Finance concerning the expenses incurred by the Committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[English]

SUBJECT-MATTER OF BILL C-22

REPORT OF SPECIAL COMMITTEE TABLED

Hon. M. Lorne Bonnell: Honourable senators, pursuant to rule 84, I have the honour to table the report respecting expenses incurred by the Special Committee of the Senate on Bill C-22 during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO RETAIN SERVICES

Hon. Fernand-E. Leblanc: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(i), I move:

That the Standing Senate Committee on National Finance have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject matter of bills and estimates as are referred to it.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[English]

TERRORISM AND PUBLIC SAFETY

NOTICE OF MOTION TO APPOINT SPECIAL COMMITTEE

Hon. William M. Kelly: Honourable senators, I give notice that on Tuesday next, May 9, 1989, I will move:

That a special committee of the Senate be appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987;

That, notwithstanding Rule 66(1)(b), the Honourable Senators Bosa, Corbin, Fairbairn, Flynn, Hays, Kelly, Kenny, MacDonald (*Halifax*), MacEachen (or Frith) and Murray (or Doody) act as members of the special committee, and that three members constitute a quorum;

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee; and

That the committee present its final report to the Senate no later than 30th June, 1989.

QUESTION PERIOD

SPACE RESEARCH

ESTABLISHMENT OF SPACE AGENCY—STATUS OF ROCKET BASE AT CHURCHILL, MANITOBA

Hon. Gildas L. Molgat: Honourable senators, my question is to the Leader of the Government in the Senate. Yesterday there was an announcement made about the establishment of the space agency in Longueuil. For some years now in the province of Manitoba there has been a rocket base in Churchill which has been used by the National Research Council for space work—admittedly, not into far outer space but, nevertheless, some important rocket work. In light of the problems with Churchill so far as grain shipments and so on are concerned, the continuance of space research is important to the province and to Churchill itself from an economic standpoint.

Now that the decision has been made to proceed with the space agency, are there any plans to keep that base in Churchill open as part of the space program?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to make inquiries of my colleague, Mr. Andre. I will report in due course.

DELAYED ANSWER TO ORAL QUESTION HEALTH AND WELFARE

DESTRUCTION OF IMPORTED CHILEAN FRUITS AND
VEGETABLES—SOURCE OF GOVERNMENT AUTHORITY—EXTENT
OF CLAIMS FOR DAMAGES—CONSEQUENCE FOR EXPORT OF
CANADIAN AGRICULTURAL PRODUCTS

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to the question raised by the Honourable Peter A. Stollery on April 18 regarding Health and Welfare—Destruction of Imported Chilean Fruits and Vegetables—Source of Government Authority—Extent of Claims for Damages—Consequence for Export of Canadian Agricultural Products.

(The answer follows:)

The person in Chile who made the phone threats to the American Embassy in Santiago indicated on three occasions that he had poisoned fruit with cyanide. The finding of cyanide in two grapes was proof that the threat was valid. This finding also placed all supplies of Chilean fresh fruit and vegetables in Canada under suspicion of possible poisoning. Section 4(a) of the Food and Drugs Act states: "No person shall sell an article of food that has in or on it any poisonous or harmful substance". It was on the basis of this legislation that the decision was taken to dispose of the produce rather than risk the health of Canadians.

It should be understood, however, that wholesalers were given three options for disposing of large quantities of Chilean produce:

- (1) export out of the country
- (2) processing into other foods (under specified conditions)
- (3) destruction

The extreme measures taken by the Government of Canada were consistent with the need to protect the health and security of Canadians; the high cost incurred by the fruit and vegetable trade does not outweigh this objective. The government does not offer compensation to retailers, wholesalers or importers for food products associated with public health alerts or recalls. Examples of previous major incidents where requests for compensation were also denied include: cheese contaminated with salmonella; mushrooms with can defects; grain products containing ethylene dibromide; mussels and other Atlantic bivalve molluscs suspected of containing an unidentified toxin—subsequently identified as domoic acid.

PREVENTIVE HEALTH CARE

REPORT OF SPECIAL COMMITTEE TABLED

Leave having been given to revert to Reports of Committees:

Hon. Hazen Argue: Honourable senators, pursuant to rule 84, I have the honour to table the report respecting expenses incurred by the Special Committee of the Senate on Preventive

[Senator Murray.]

Health Care during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE—
DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David drawing the attention of the Senate to research on the evolution of health care costs in Canada and its consequences and to the need to establish a committee or subcommittee to examine the question.

Hon. Philippe Deane Gigantès: Honourable senators, this item is in my name. I am ready to give the floor to whoever wishes to speak to it today. I shall speak tomorrow.

Order stands in the name of Senator Gigantès.

[English]

TRANSPORT

NEWFOUNDLAND—EFFECTS OF WITHDRAWAL OF AIR CANADA
SERVICE FROM STEPHENVILLE—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of April 4, 1989:

That he will call the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.

He said: Honourable senators, one of our responsibilities as senators in this chamber is to support and protect regional interests. In my inquiry today I call the attention of the Senate to one of those responsibilities. It relates to the recent action of our national airline, Air Canada, to discontinue and withdraw its DC-9 service from the Town of Stephenville on the Montreal-Stephenville-Gander route on June 17, an action which will seriously affect the economy of an area that is very dependent on air transportation and which will again leave an atmosphere of uncertainty as to the future of the town that has been disrupted many times before.

Similar action is taking place in other Atlantic region communities, including Gander in Newfoundland and Sydney in Nova Scotia, as well as Sept-Îles, Quebec. I hope that other senators will join in the debate, because I am convinced that this is as callous an action by Air Canada—to use the province of Newfoundland and Labrador as a scapegoat, to use it as a pilot project for worse things to come—as was the case when Canadian National Railways, in collusion with both federal and provincial governments of the day in the late 1960s, downgraded service to and within the province to justify its eventual elimination, which happened recently. This, I feel, will follow the same pattern, and the same thing will occur across Canada as is being experienced now in my province.

Need I remind honourable senators of the exclamations of patriotism and the sickening rhetoric about the building of Canada through a transportation system going from sea to sea and the proud reminders of the vital importance of an intermodal transportation system for land, sea and air?

Honourable senators, I have received over 2,000 letters of protest, or copies of letters of protest, directed to all those who should have the responsibility and the power to rescind this unconscionable action. Besides Air Canada itself, the letters were directed to most senior cabinet ministers, including those directly responsible, namely, the Minister of Transport, the minister responsible for privatization and the minister responsible for Newfoundland and Labrador in the cabinet. As yet, unfortunately, little has happened, other than the usual passive expressions of concern, some of which I will comment on later.

Let me say something about the history of the town to put in perspective just what is happening. Stephenville is located in the federal district which I represented as an MP from 1969 to 1978, and is now represented, besides by the MP for the district, by my colleague, Senator Cochrane, who is also deeply concerned and heavily involved. It is located in southwestern Newfoundland, with a population of some 10,000, but it is the commercial centre of the Bay St. George area, with a total population of over 40,000. The airport itself serves another 23,000, including the city of Corner Brook and the town of Port aux Basques.

The community was little more than a fishing village of 500 citizens until World War II, when, through the vast changes brought about by war, it entered into a period of growth and comparative prosperity when the area surrounding the town was chosen, in 1941, as the site for the U.S. Strategic Air Command Base, known as Ernest Harmon Air Force Base. It grew into an extensive military establishment, with an investment of \$179 million, 1940 dollars, in valuable modern buildings, hangars, oil storage tanks, housing, schools, churches, barracks, recreation and other facilities comprising a community of some 3,400 military personnel and 1,500 civilians. The base had an annual operating cost of \$17 million, with a payroll of \$18 million, a good portion of which was paid directly to Newfoundland civilians in the area.

I mention these statistics, honourable senators, to lead into the difficulties which arose as a result of a major setback in 1966—just one of many setbacks, including the present one. The setback in 1966 occurred when the U.S. Air Force closed the base, leaving high unemployment and the effects of an immediate loss of one of the largest industries in the province at that time.

After the closure of the base, and through the initiative and the imagination of the municipal leaders and with the help of governments, attempts were made to take advantage of the valuable property left to the government by the United States. Despite further setbacks and stops and starts, small industries were set up with government assistance and the town grew. As a result, today the community is a moderately successful mix of small business and industry, regional and district agencies of government offices, community colleges, fish plants, and,

most important, a main paper mill, Abitibi-Price, which is a stable source of employment, with 315 personnel and an annual payroll of \$15.5 million, not to mention an original investment of some \$300 million.

I think it is worthwhile to dwell for a moment or two on the Abitibi-Price Paper Company, because its move to Stephenville to take over a then existing government-sponsored liner-board mill was responsible for the successful turnaround caused by another setback, when an original established liner-board mill failed as a viable industry. It was then taken over by Abitibi-Price, who, through wise management and expertise, were able to revitalize the mill and change the purpose from the original production of a different commodity, liner-board, to the production of paper. They succeeded in producing a superior paper, one which has been widely accepted in the marketplace, and as a result of its success they have stabilized the economic base of this hard-pressed community.

• (1410)

The discontinuance of DC-9 air service to the Stephenville Airport will seriously affect the future of that mill's presence in Stephenville and is a perfect example of weakness in basic economic planning and lack of foresight as to the real needs of government to support and enhance an entrepreneurial climate, and it should intercede in the action by Air Canada, just as it generously provides special programs to create jobs.

In conversation with the management of Abitibi-Price, I am advised that the withdrawal of the same day service, which Air Canada now provides, will bring about serious delays in acquiring spare parts and technical staff from outside the province to repair sudden breakdowns, even to the point of causing lay-offs because of the delays in effecting repairs.

One does not have to be too smart to realize the competitiveness of the paper industry today and the vital requirement that demands reliability of supply by the marketplace in today's economic world.

But honourable senators do not have to rely on my description, so I place on the record what the Abitibi-Price Paper Company themselves say in a letter to the Town of Stephenville dated February 9, 1989, from the Divisional Controller of Abitibi-Price, which puts its continuance at risk. I quote from the letter:

In light of the recent pull out announcement by Air Canada, we have reviewed our situation to determine the impact on our operation. The following is a summary of this review.

It then goes on to say that they have 315 employees and a payroll of \$15.5 million a year. I think ACOA, the Atlantic Canada Opportunities Agency, should think about that. I noted that in some of the programs directed to individuals and companies it was willing to pay up to \$100,000 per job; and when you take into consideration 315 employees, you know what that amount would have to be.

They give a summary in which they make the following points: First, the dollar value of passenger travel during 1988 was \$168,000, which included employees travelling out of town

as well as employees travelling to Stephenville from other company sites; second, the freight service provided by Air Canada cost Abitibi-Price \$60,000 in 1988, representing a total weight of 48,000 pounds of material and equipment which cannot be delivered by smaller aircraft; and third, the avoided downtime of their operation through the use of Air Canada same-day service amounts to a minimum of 24 hours annually, which I am sure everyone will agree is a good record. The dollar value attached to this amount of production in terms of revenue exceeds \$300,000.

Finally, they also say that it is difficult to quantify what they perceive to be one of the more serious effects. The Stephenville mill sells in a global marketplace, including Japan, Germany, the United Kingdom and South America; and, as such, an important aspect of the operation is customer visits and exposure to the mill, the people and the town. The removal of the jet service, they say, will mean it will no longer be convenient for customers to come to Stephenville, because one of Abitibi-Price's objectives concerning customers is to be easy to do business with. Loss of jet service is a step backwards relative to customer relations.

As another example of future impact, the mill was scheduled to host an annual international sales meeting in September, which involves approximately 50 high-level people visiting Stephenville for several days. Now, with the recent turn of events, alternative locations are being considered.

The Stephenville operation is an extremely high-cost paper mill. Island power, short wood supply and geographic location all contribute to this cost. Now, by adding the reduced air service to the list in terms of people movement and materials expediency, the scales are tipped a little more towards shortening the economic life of this operation. Honourable senators, I see that as a threat to its economic life—and I remind senators that this decision will constitute a cost of 315 jobs, accounting for \$18 million in payroll.

Honourable senators, the example depicted by Abitibi is true also on a wider scale wherein it concerns other smaller and varied industrial activity. A letter from the Stephenville Industrial Development Corporation to me places in perspective the concern about the withdrawal of long-haul air service and its important role in all aspects of economic activity. References are made in that letter to the impact of the removal of the service upon the regional fishery and the shipping of various species of fish to market, which cannot be provided by the smaller regional carriers.

Further, pertinent emphasis is placed upon the fact that loss of direct air service to Montreal and Toronto is a serious detriment to their development efforts, including the resulting failure to attract new development to the area, which is remotely located and which would have to be served by less efficient, smaller carriers. Not only will the withdrawal of the service have a serious economic impact on the Stephenville area, it will leave at risk its serving as the designated alternative for transoceanic plane stops (TOPS) for flights from Europe to Gander.

[Senator Marshall]

Here is what Doug Sheppard, the mayor of Gander, had to say in support of Stephenville:

If Stephenville is lost as an alternate it will make everything more difficult. When our airport is not operational it is due to bad weather on the northeast coast, which affects St. John's even worse, so if Stephenville is not available there will be trouble.

Fifty per cent of our business is Eastern Bloc, and recently the Feds said those flights could not go into Halifax or Goose Bay, so really there would be nowhere in eastern Canada—

for TOPS flights to land. He went on to say:

It is very important that we want to see Stephenville maintained as the designated alternative for Gander international TOPS traffic.

He further stated that when groups of people are sent from Gander to Europe or to the United States to look for markets, one of the marketing tools they use is the fact that they have 11,000 feet of runway, and in Stephenville there is a 10,000-foot runway with all of the equipment to service flights. Sheppard pointed out that freight is another important reason to keep the service in Stephenville:

I have seen delays sometimes in Stephenville and the captain will apologize and say that we are 10 or 15 minutes late—because we are taking on board 10,000 pounds of salmon or lobster. Not having that freight capacity will impact severely on the whole southwest coast.

Overall, he said his biggest concern is that they are eliminating the run from Gander, Stephenville, Montreal and Toronto, which allows for a direct run into central and western Canada and the U.S. Honourable senators, I do not think that Air Canada has looked into this matter very seriously.

I have a few words to say on Air Canada's public relations. Honourable senators, Air Canada announced the removal of its DC-9 service on February 1, over three months ago. The messenger sent down by Air Canada, the Atlantic Regional General Manager, did not even show the courtesy of either making the announcement in Stephenville or showing respect for the mayor and council by discussing Air Canada's intentions with them. Instead, he proceeded to make the announcement in Corner Brook, 52 miles away, on the lame excuse that it was the centre for media coverage.

In the announcement the justification from the point of view of economics was that the flight did not make a contribution to profit. Well, honourable senators, I have been travelling that Montreal-Stephenville route fairly regularly for 21 years and, in most instances, the plane was filled to capacity or near capacity.

The other reason for the discontinuance of the flight, which was most unprofessional, was the rationale—wherein they show the typical attitude—that the withdrawal will allow the company to offer additional services on high density, high yield routes such as Halifax-Toronto. I am sure honourable senators will agree that the exclamations of "their recognition

of their responsibilities to Canadians", which the chairman and the president are not shy about repeating time and time again in their *En Route* magazine, are, at best, exaggerations.

• (1420)

I should not mention this, but in a magazine I was reading today a journalist in St. John's used the words, "in mystifying jargonistic excess." That applies to Air Canada's chairman of the board, when he writes these famous editorials in the *En Route* magazine.

Air Canada emphasizes that the staff affected by the change will be offered pay transfers or severance packages. Senators who read the *En Route* magazine will note the interesting short articles written by the chairman, Claude Taylor. I should like to quote from one article, which highlights the contribution of Air Canada's employees.

Many employees perform at standards that go beyond their job descriptions and their commitment is the backbone of any corporation.

Let us put the outstanding service person, the effective production manager, the polite sales clerk and the skilled worker up there with our acknowledged business leaders. They all deserve praise.

Here is the reality of Air Canada's treatment of outstanding service, as described in the chairman's commitment to Air Canada employees.

One employee who spoke to me would qualify for a full pension in 1991. In order to fulfil his employment contract he would be forced to transfer to another station. However, his health and age would make it difficult for him to move himself and his family for two years only and, as a result, he will lose future security because he will have to retire in June, when Air Canada pulls out its service. I wonder if Mr. Taylor knows about that high-calibre employee and if he is thinking about that when Air Canada is planning to terminate the air service that is so necessary to Stephenville.

Honourable senators, I want to comment on the realities of the action by Air Canada and the response of government.

Air Canada, unfortunately, can hide behind the revised policy of government when, with the passage of the National Transportation Act of 1987, it reformed the legislation under which Canadian transportation operated.

In a letter dated February 20, 1989, the minister responsible for privatization said the following:

Most domestic air services are no longer subject to economic regulation, recognizing the government's commitment to market forces as the best means of delivering competitive air services to Canadians. The act has, however, provisions whereby 120 days' notice must be given for the abandonment of air service. It is felt that this will give sufficient time for other interested operators to arrange alternate services, if local demand warrants it.

Honourable senators, it has been three months since Air Canada made its announcement and, as yet, there has been no rush from anyone I am aware of who can or will provide the

type of service required—other than talks being held with various airlines about potential service.

The minister went on to say:

There is also provision in the Act to allow the Minister of Transport to offer financial assistance to maintain an essential air service.

This is an essential air service. It was his understanding, however, that "Air Canada is not the only carrier serving Stephenville and that Air Atlantic current provides daily services. Under the current act, Air Atlantic or any other carrier is free to increase current service levels to meet the demand from former Air Canada passengers."

Unfortunately, the minister misses the point.

Yes, Air Atlantic provides a daily service, and a good daily service, but it does not and cannot provide the DC-9-type service as I outlined, and it is not yet even aware of the airport itself and where it fits into it. Air Atlantic has the DASH 8 aircraft, which holds only 40 passengers and does not have very much air cargo space.

The minister ends his letter by stating that as a publicly-traded company, which Air Canada now is, it would be inappropriate for the government to intervene in the commercial decisions of the airline.

The Honourable John Crosbie stated in a letter to Abitibi-Price:

As you are aware, Air Canada now essentially operates as a private company. The Government of Canada does, however, have the responsibility to ensure that the company complies with the spirit and intent of the National Transportation Act (1987).

That is the first positive answer I have seen.

The Honourable Erik Nielsen, Chairman of the National Transportation Agency, is responsible for ensuring compliance. However, I have asked my colleague, the Honourable Benoît Bouchard, to inquire into Air Canada's decision.

The following is what the Minister of Transport, the Honourable Benoît Bouchard, stated in a letter to Abitibi-Price:

You will appreciate that, as the National Transportation Agency, by virtue of the legislation, is an independent body, it would be inappropriate for me to intervene in this matter. However, I do understand the concern of the people of Stephenville about the level of service and you may be assured that I will monitor this situation closely.

Honourable senators, Air Canada, in its own public offering prospectus, which it published with great pride—and everyone saw it—stated:

In Canada, civil air transportation, including the establishment of policy, maintenance of operations standards, safety and the provision of ground and airways infrastructure is wholly within federal jurisdiction and is the responsibility of the Minister of Transport.

Referring to the National Transportation Act, it states that the act established the National Transportation Agency and

reports through the Minister of Transport to the Governor in Council, and may receive policy direction from that Governor in Council.

Honourable senators, I will not be too much longer, but I wish to refer briefly to Part II of the Air Transportation Act. Part II refers to sections 76, 77, 78 and 85. Sections 76 and 77 are probably redundant, because they refer to the requirement of 120 days' notice, which Air Canada has already given; but I wish to mention section 85, which states:

The Minister is given the authority to determine that a domestic service in existence on proclamation of this section is "essential", and that financial assistance is required to ensure that some level of service is maintained. In such cases, the Minister will ascertain, by public tender where feasible, the most economical and efficient method of providing the service.

Currently, under section 18 of Part II of the *Aeronautics Act*, the Governor in Council can authorize the Minister to provide financial or other assistance to an air carrier.

Honourable senators, I think I have proven that the government can help by financial assistance if the air service is declared essential, and I say that it is. I hope that the government will recognize the serious effects this will have on the company and on the morale of the citizens, who are faced with yet another setback, when they have already faced too many setbacks before, and that the government will demand that Air Canada fulfil its responsibility to Canadians, regardless of where they live, by withdrawing its application to remove the vital DC-9 service to and from western and central Newfoundland; alternatively, the government could and should employ section 85 and provide financial assistance to keep the service intact.

Hon. M. Lorne Bonnell: Honourable senators, in moving the adjournment of the debate, I have to say that the same thing has happened in Prince Edward Island, where we are losing our Air Canada direct flights. We have been promised a fixed link, but apparently that has been put on hold at the present time. The operation of the ferries from Wood Island and the construction of a new ferry, as was promised last August, has now been put on hold. Our roads are deteriorating because of the volume of trucks operating on them since we no longer have any rails—

Senator Petten: No rails!

Senator Bonnell: Our rail system is being removed and destroyed. The transportation system in our province is going back to where it was before Confederation.

I am moving the adjournment of the debate so that I can give further thought to this matter and bring to the attention of the people of Canada how Prince Edward Island is being discriminated against this time by this government.

Some Hon. Senators: Hear, hear!

On motion of Senator Bonnell, debated adjourned.

[Senator Marshall]

PAROLE AND CORRECTIONS

MOTION FOR TABLING OF DETENTION PROVISIONS EVALUATION REPORT—DEBATE ADJOURNED

● (1430)

Hon. Earl A. Hastings, pursuant to notice of April 18, 1989, moved:

That there be laid before this House copy of the Evaluation Report of detention provisions contained in the Bill C-67, An Act to amend the Parole Act and the Penitentiary Act, of the 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September 1987.

He said: Honourable senators, my motion pertains to Bill C-67 of the First Session of the Thirty-third Parliament. I need not remind honourable senators of my deep and abiding interest in that bill and its operation after the government at the time recalled Parliament in July 1986 to make these amendments to the Parole Act and the Penitentiary Act. This was a bill which would, apparently forever, protect Canadian citizens from those terrible, violent offenders that the Prime Minister told us were to be released that summer. The Solicitor General told us that the number to be released was 22. However, the Prime Minister said that 80 inmates were to be released. At that time the Chief of Police of Toronto said: "They are all going to come to Toronto. We must have that bill passed." So, honourable senators, as I said, we passed that bill and I have had a deep and abiding interest in its function ever since.

In the winter of 1986-87 a report was prepared by James Vantour and Sheila Faure for the Correctional Service of Canada and the National Parole Board. It was an evaluation report on the implementation procedures of the detention procedure as authorized by Bill C-67. In May 1987 I requested a copy of the report and the Commissioner of the Correctional Service of Canada wrote to me on June 24, 1987, saying the following:

The Report requested is not yet completed but a copy will be forwarded to you as soon as it has been reviewed by the Senior Management Committee of the Correctional Service of Canada and the National Parole Board.

Honourable senators, that was two years ago.

An. Hon. Senator: Oh, oh!

Senator Hastings: On September 2, 1987, I followed up my original request and again asked for a copy. On September 18, 1987, again the Commissioner of the Correctional Service of Canada wrote to me. At that time he said:

I expect that our Senior Management Committee will review the report in November, after which I would be pleased to send you a copy.

Honourable senators, no copy of that report ever arrived. On May 5, 1988, I again requested a copy. However, we are now down to the point where they will not even respond to my letters. In July 1988 I again asked for a copy of the report and,

again, there was no response to my letter. One gets the feeling of being ignored, stonewalled and perhaps not very well liked when one does not receive a response to one's legitimate request for a report, which was, after all, prepared for the people of Canada at public expense.

However, honourable senators, two weeks ago the Solicitor General, with great fanfare in a media event, announced the principles for the operation of the Correctional Service of Canada. It amounts to an admission that they have not known what they have been doing for the last 20 years, but they are going to change their ways and begin to operate in the interests of Canadians. The Solicitor General outlined in his statement one of their guiding principles, which reads, "Our relationships with our colleagues in the Ministry, other components of the criminal justice system, and other parts of Government,"—I presume that would apply to the Senate of Canada—"will be characterized by openness, integrity and cooperation."

Honourable senators, by this motion I am simply asking the Solicitor General to display that degree of "openness, integrity and cooperation" by placing the report upon the table of this chamber.

On motion of Senator Nurgitz, debate adjourned.

CORRECTIONS

MOTION TO AUTHORIZE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TO STUDY REPORTS OF CORRECTIONAL INVESTIGATOR STANDS

On Motion No. 2 by the Honourable Senator Hastings:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report upon the Fourteenth Annual Report of the Correctional Investigator for the period June 1, 1986 to May 31, 1987, and other investigation reports by the Correctional Investigator; and

That the Committee present its Report no later than December 31, 1989.

Hon. Earl A. Hastings: Honourable senators, I wonder if I might ask the Leader of the Government in the Senate if he has received any response from the Solicitor General with respect to the questions I placed with the leader about two weeks ago and of which I gave notice even prior to that?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I made another inquiry today and I am informed that a reply is imminent.

Senator Hastings: The reply is what?

Senator Murray: Imminent.

Senator Phillips: That means "soon".

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, MAY 4, 1989

THURSDAY, MAY 4, 1989 (Cont.)

**INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION**

(In Camera)

356-S9:30 a.m.

NATIONAL FINANCE

256-S11:00 a.m.

*The examination of the Main Estimates laid before Par-
liament for the fiscal year ending March 31, 1990*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA



Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 10

OFFICIAL REPORT
(HANSARD)

Thursday, May 4, 1989

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

This issue contains the latest listing of Officers of the Senate, the Ministry, Senators and Members of Senate and Joint Committees.

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, May 4, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

[Translation]

CRIMINAL CODE

BILL TO AMEND—(PARI-MUTUEL BETTING)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting).

Bill read first time.

[English]

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I believe the government wants this bill to be put on the Orders of the Day for second reading at the next sitting of the Senate, but I think it is more appropriate for the government to so move.

Hon. Orville H. Phillips: Honourable senators, I so move.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Phillips: I even forgot to ask for leave.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 44(1)(f), it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Frith, that this bill be placed on the Orders of the Day for second reading at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: I will be speaking against it, so it is not appropriate that my name be down as the seconder.

The Hon. the Speaker: You are only seconding the motion that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

[Translation]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF COMMITTEE PRESENTED,
PRINTED AS APPENDIX AND ADOPTED

Hon. Roméo LeBlanc (Beauséjour): Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration has the honour to present its fifth report, concerning the approval of improvements to the Senators' Group Surgical-Medical Insurance Plan.

I ask that the report be appended to today's *Hansard* and *Minutes of Proceedings* so that it is part of the permanent record of the Senate.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(*The text of the report is appended, p. 157.*)

The Hon. the Speaker: When shall we consider this report, honourable senators?

Senator LeBlanc (Beauséjour): With leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[English]

BUSINESS OF THE SENATE

On Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, later on I will be asking for leave to revert to Notices of Motions.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I know why this request is being made, but perhaps Senator Phillips could explain to the rest of the chamber.

Senator Phillips: I will be happy to share the information with the chamber. We are waiting to see what action the House of Commons takes respecting Bill S-2 at about three o'clock this afternoon.

Senator Frith: Honourable senators, we understand the reason for that request, but we should remember the context. It is that when Bill S-2 was introduced, it was explained to me, at any rate—and I do not recall whether it was explained in the Senate—that a foreign minister of one of the countries—

Hon. Duff Roblin: Poland.

Senator Frith: —was going to be here on Monday and that the government would like to be able to tell the foreign minister that this tax bill had been passed; and, of course, we supported that. For that reason we want to have Royal Assent before he comes, but that could mean that if the house does not cooperate with the initiatives taken in the Senate, with agreement on both sides, we will be sitting on either Monday or Friday.

Can the Acting Deputy Leader of the Government tell us just how things look for the adoption of the bill in the other place? Is it on the order paper and scheduled and intended for passage today, and has assent or agreement of the house leaders over there been obtained?

Senator Phillips: Honourable senators, I am hopeful that at three o'clock, following Question Period, the House will deal with Bill S-2 in all three stages. If that happens, we will be having Royal Assent later this afternoon.

QUESTION PERIOD

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—AMOUNTS PAID OUT—ADMINISTRATIVE DIFFICULTIES

Hon. H.A. Olson: Honourable senators, I wonder if I could ask the Leader of the Government to take notice of a question respecting the payments that were to be made for drought relief on the prairies. This was announced on, approximately, November 19, 1988. I believe it has been reported that there were some administrative difficulties in determining the amounts to be paid to producers in two categories.

The payments to the livestock producers are, I think, fairly well advanced. However, in the grains sector, they are not. My understanding is that very few payments have been made to grain producers on the prairies.

Could the Leader of the Government give an undertaking that he will get a progress report on how much has been paid out and perhaps, in addition to that, give some explanation of the administrative difficulties that they are having so that they can pay the rest of it?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for that report from my colleagues and I will bring it in as soon as possible.

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. Charles Turner: Honourable senators, my question is for the Leader of the Government in the Senate. During the budget speech the Minister of Finance said he was going to cut \$500 million from the VIA Rail budget in the next five years. VIA Rail now has 7,000 employees. When VIA was created, employees were taken off the top end of the seniority lists of the CPR and the CNR and transferred to the new company known as VIA Rail. They took with them their seniority and pension rights.

The Minister of Transport, Mr. Bouchard, now says that VIA can raise prices, cut services or transfer them to the provinces, cities or private operators. With a cut of \$500

million, this no doubt means that some of the train routes will be cut off. This will cause a reduction in crews and in the number of office employees.

My question to the minister is what happens to the employees' seniority and pension rights? Do they revert back as employees of CNR and CPR?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a prepared statement on that matter from my colleague and bring it in as soon as possible.

APPOINTMENT OF NEW PRESIDENT

Hon. Charles Turner: Honourable senators, yesterday there was a press release from the Minister of Transport. The Honourable Benoît Bouchard announced the government's appointment of Mr. Ronald Lawless as president and chief executive officer of VIA Rail Canada, effective immediately.

This man is known as the "hatchet man" and the "slasher" by most employees of the railway. This is the man who laid off hundreds of employees at CN, and now we are giving him the job of laying off employees at VIA Rail.

It also says that Mr. Lawless brings more than 545 years of professional rail industry experience and a commercially-oriented management style under which CN has prospered. This makes this man go way back to the time of King Edward III. He must be a very, very old man.

He is now 65. Why do we not give a young man the job of bringing this railway up to the 1989 style and class it should have?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Turner is making a point that would be more properly made in the course of debate. He will be aware that the Leader of the Opposition has placed a notice of inquiry on the order paper to discuss the Budget, and that debate will be beginning any time now.

May I say in the meantime that the government is very grateful to Mr. Lawless for having accepted responsibility for VIA Rail, in addition to his many other duties, at such a very difficult and challenging time.

Senator Frith: To preside over the dissolution!

Senator Turner: I can tell the leader one thing, and that is that the employees at CNR are not too happy. They do not know whether they will be working for this railway, VIA Rail or any other railway. I think it is the responsibility of this government, if it is going to make these cuts, to look after those employees.

NATIONAL DEFENCE

CLOSURE OF CFB, SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS

Hon. M. Lorne Bonnell: Honourable senators, my question is for the Leader of the Government in the Senate. While I am

waiting for him to tell us that he will make sure the Minister of Finance keeps Canadian Forces Base Summerside open—which will take a few more days, because I know it will take a little time before he can tell us that—I wonder if he can answer this question: If the Minister of Finance says that that base must be closed, what measures will be taken by this government to continue air evacuations when medical emergencies arise? Patients are now regularly flown to Moncton, Halifax and other places from that base.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall have to take the question as notice and investigate the role that is now played by CFB Summerside in that respect.

[Translation]

THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Azellus Denis: Honourable senators, may I ask a question to the Leader of the Government in the Senate? For some time, we have been seeing a limousine cortège standing along the Senate Building. I am told that all these limousines are part of the Prime Minister's cortège. If so, that makes me very proud and happy.

I am wondering why the drivers of those limousines let their engines run hile waiting 10, 15 or 30 minutes while waiting. If we really want to put a stop to pollution and acid rain, we should first set the example.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I want to assure senator Denis that if that is the case, the drivers of those limousines are violating government policies. Anyhow, I will enquire and report to the Senate in due time.

[English]

● (1410)

CANADIAN CENTRE FOR MANAGEMENT DEVELOPMENT

AUTHORITY FOR ESTABLISHMENT

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Last summer Bill C-148, an act to establish the Canadian Centre for Management Development, was before the Senate. That bill was given second reading and referred to committee. A number of senators received controversial inquiries on the subject matter, but the matter subsequently died in committee because the election was called.

I now understand from a reliable source that the government has proceeded with the establishment of the centre without the appropriate legislation. Does the honourable senator have any information regarding that?

[Senator Bonnell.]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Well, honourable senators, I shall provide a report to the house on the legal situation with regard to that centre. I am assured that, while the legislation has not been passed, the actions that have been taken in the meantime are within the proper authority of the government. However, I shall bring in a formal report on the matter in due course.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL IRVING WHALE—GOVERNMENT ACTION

Hon. M. Lorne Bonnell: Honourable senators, I have a slightly different question for the minister today concerning the environment. It seems that we had a tragic oil spill off the coast of Alaska, and we have had another ship in the Strait of Juan de Fuca that lost its power—

Senator Barootes: The U.S.A. had a ship.

Senator Bonnell: The U.S.A. had it, right. The Americans had it.

Senator Frith: The citizens of the world have had it!

Senator Bonnell: Those two tragic events could have ruined the ecology and the ecological biomes of western Canada and the Pacific coast. I was wondering what has been done to protect the great coast of Prince Edward Island, where the *Irving Whale*, which sank off the coast several years ago, is a "floating" oil well. Has there been any monitoring by the Department of the Environment to see if there is any oil leaking from the *Irving Whale* that might pollute the shores of Prince Edward Island, our beautiful Cavendish beaches, and the Newfoundland shores? What is the Government of Canada doing to monitor the *Irving Whale* at this time?

While you are getting the answer to that, Mr. Minister, maybe you could tell us who is paying the cost of the monitoring? Is the monitoring being paid for by the Government of Canada or is it being paid for by the Irving Oil Company?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it seems to me that I answered a similar question from the honourable senator during the Thirty-third Parliament. This is another of those unwelcome legacies that we inherited from the previous government.

Some Hon. Senators: Oh, oh!

Senator Olson: What are you doing about it?

Senator Frith: Don't tell me Exxon has found another scapegoat!

An Hon. Senator: Get us a box of Kleenex!

Senator Murray: I shall ask for an up-to-date report on the matter and will convey it to the Senate as soon as I can.

VIA RAIL

NATURE OF APPOINTMENT OF NEW PRESIDENT—POSSIBLE
CONFLICT OF INTEREST

Hon. Charles McElman: Honourable senators, before posing a question to the Honourable Leader of the Government in the Senate, please permit me to welcome back our colleague, the Honourable Senator Alasdair Graham, from his extra-senatorial duties in Paraguay. Now, as on his return from similar international engagements, I am delighted to see him without holes.

Hon. Senators: Hear, hear!

Senator McElman: I might also say that in relation to Senator Denis' question to the honourable the leader, when I was told that the cortège, as he referred to it, at the east side of the Senate area was associated with the Prime Minister's office, I thought it was perhaps an experimental cortège awaiting the demise of the Senate. Hopefully, it will have to wait a long while.

With respect to VIA, the press release from Transport Canada refers to the appointment of Mr. Ronald Lawless, whom I regard as a fine Canadian who has rendered great service to the country over the years, including outstanding service in the maritime provinces in the past. The release states that he will be president and chief executive officer of VIA; it does not say "acting" or "interim".

Is it the intention of the government that this will be a continuing appointment or will Mr. Lawless hold this position for a short period of time?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think it would be safe to say that Mr. Lawless will be in place at least until we receive a report—and I believe one is due at the end of this month or early next month, at the latest—on the future of the passenger rail services. Depending upon the recommendations of the report and the decision the government takes in consequence of them, we would then want to take the necessary decisions with regard to the management of VIA Rail. But I would not think that Mr. Lawless' appointment is to be permanent or much beyond the period I have just discussed.

Senator McElman: Like Senator Turner, I was surprised by the reference to the years of experience with the railway—545. I thought that perhaps you had disinterred Methuselah, or something of that nature.

It seems that since the national railways were the ones who, by inaction or direct action, indicated that they were not much interested in passenger rail services, there would be something of a conflict of interest in his appointment. That is why I wondered if it was to be permanent. The railways, through their contracts with VIA, are the ones who have established the high running costs which they charge and which have been a bone of contention between VIA and the railways. In view of that bone of contention, it seems that there would be a rather serious conflict of interest in Mr. Lawless' management of

Canadian national railways when at the same time he manages VIA.

Senator Murray: Honourable senators, I would make three points in response to Senator McElman. First, I think it is fair to say that it was not the railways but, rather, the general public that lost interest in passenger rail services.

Senator Frith: That is a myth!

An Hon. Senator: That's the party line!

Senator Murray: The story of passenger rail services in Canada is a story of decreasing public patronage in those services.

Senator Perrault: It is a story of obsolete equipment!

Senator Olson: Do you remember your promise to update the equipment?

Senator Murray: Yes, indeed, and that was done.

Second, In 1986, I believe it was, the federal government instructed VIA Rail to get its requirement for government financial assistance down from approximately \$600 million, where it then was, to \$400 million.

Senator Olson: Did they succeed?

Senator Murray: VIA Rail did not succeed in getting its financial requirements down, which is why we have had to take the steps that were announced in the Budget.

To come back to the question that Senator McElman has raised, I am not sure of the accuracy of his assertion that the charges levied by CN and CP are a bone of contention. I am informed that, while those charges represented quite a large portion of the operating expenses of VIA Rail in the early days, they have declined very considerably. I have the figures somewhere here, but they are not at my fingertips. I can get them for the honourable senator.

● (1420)

Third, so far as any conflict of interest in that regard between Mr. Lawless' duties as president of CN and his new duties at VIA Rail are concerned, I do remind the honourable senator that there is one shareholder of both companies—the shareholder being the taxpayers of Canada and the shareholders' representative being the Minister of Transport and the federal government, who would have the last word on a matter of this kind.

Senator McElman: I would hope that the shareholder will maintain a close watching brief on this aspect of a possibility of a conflict of interest.

ATLANTIC CANADA SERVICE—IMPROVED NEW BRUNSWICK
USER RATE

Hon. Charles McElman: I have noticed in the media the mention of the VIA lines that may be dropped, those being the lines from northern Ontario. The separate lines in Alberta—and I realize this is conjecture—are predicted to be continued. I have seen no reference whatsoever to VIA Atlantic.

In a press report of April 28, 1989, in the *Edmonton Journal* the Right Honourable Joe Clark has taken a somewhat paternalistic and protective interest in the Edmonton-Jasper VIA run, predicting that it will remain. I hope that someone will also take such an interest in VIA Atlantic.

When Mr. Mazankowski was Minister of Transport, he came to the east, particularly to Saint John, New Brunswick, to announce that VIA service would be continued. At that time he issued his "use it or lose it" edict. That principle is understandable, and I do not argue with it. He set a user rate of 200,000 passengers per year as being realistic. I should like to point out to the Leader of the Government in the Senate that the user aspect of VIA through New Brunswick has been increasing quite rapidly. During this past calendar year it has not only reached but has considerably exceeded the 200,000 figure given by Mr. Mazankowski for its continuation.

I should like to ask the Leader of the Government in the Senate, on my behalf, to remind Mr. Mazankowski of the level that he has set and the fact that it has now been exceeded. I should also like to remind Mr. Mazankowski that many seniors and youths, particularly students, are now using that service extensively.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall draw Senator McElman's representations to the attention of my colleague.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM— AVAILABILITY OF PAYMENTS

Hon. Gildas L. Molgat: Honourable senators, my question to the Leader of the Government is along the same lines as Senator Olson's earlier question regarding the drought payments to the west.

On April 4, 1989, I asked the Leader of the Government when payments to grain producers, who are under some emergency because of seeding, might be received. He indicated then that he knew there were some difficulties, but he would find out what the situation was and report back.

The situation is even more urgent now. My information is that there have been no payments whatever to grain producers from the \$850 million promised last fall. As I recall, payments were to have started in January of this year, but the producers have yet to receive any payments. Could the Leader of the Government inform us of the situation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I apologize if an undertaking that I gave earlier to the honourable senator has not been honoured. I shall make immediate inquiries and produce a report.

[Senator McElman.]

NORTH ATLANTIC TREATY ORGANIZATION

SHORT-RANGE NUCLEAR MISSILES STALEMATE—CANADIAN COMPROMISE PROPOSAL

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate if he can inform this chamber of the Canadian compromise proposal with regard to the NATO stalemate on the subject of short-range nuclear missiles.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, a similar question was asked on Tuesday, May 2 by the Leader of the Opposition. My friend Senator Phillips will have a delayed reply to table later today.

EFFECT OF NATIONAL DEFENCE BUDGET CUTS ON NATO COMMITMENTS

Hon. Stanley Haidasz: I have a supplementary question that I should like to ask the Leader of the Government.

Now that the Minister of Finance has torpedoed the Canadian nuclear submarine project and cut the National Defence budget by \$2.7 million, how will that affect Canada's commitments to its NATO obligations?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I reminded the house earlier, the Leader of the Opposition has a notice of inquiry about the Budget on the order paper and we will be debating these matters before too long.

The fact of the matter is that parameters of the white paper tabled by the former Minister of National Defence, Mr. Beatty, still apply. We will not be able to implement the policies of the white paper fully, or in the time frame we had anticipated, but our commitments in Europe as a member of NATO have not changed.

VIA RAIL

RESEARCH AND DEVELOPMENT EXPENDITURES ON EQUIPMENT

Hon. Raymond J. Perrault: Honourable senators, I have a question about the VIA Rail service. I am sorry that I did not ask it as a supplementary question earlier.

In recent years it almost appears as though VIA Rail has been expiring through benign neglect. I am interested to know—and you might have to contact one of your colleagues to obtain the information—how much money has been invested in research and development to determine the way in which we could put better equipment on the rails. How do we really expect the Canadian public to want to travel on equipment that is 40 to 50 years old and totally obsolete?

In 1986, at the Vancouver World's Fair, we had exhibits of new rail technology of some of the most exciting equipment in the world: for example, the high-speed magnetic levitation system developed by the Japanese and all sorts of marvelous advances in rail transport that are popularizing rail transport

in many other countries. Yet the only good sections of VIA Rail equipment have been in the Montreal-Toronto corridor and the Ottawa area. The rest of the country has had old equipment that is unappealing, with pipes that freeze up in the winter and equipment that discourages people from travelling on VIA Rail.

I am not trying to attach the responsibility to the Leader of the Government in the Senate, but how much has VIA Rail, with the support of the federal government, invested in research and development? What degree of culpability is there for failing to keep up with world technology as far as VIA Rail is concerned? I would like to know the answer to that.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have those figures at my fingertips, but on the part of the employees, the management and the shareholders, the taxpayers and the Government of Canada, a real effort has been made to provide a satisfactory rail passenger service in this country. The fact of the matter is that the costs of doing so have mounted and patronage of the rail service has declined considerably. The subsidies provided by the government have increased out of proportion to the service that is being provided, and that is the overriding reality that the government has had to face.

• (1430)

Therefore, I do not think it is a question of apportioning blame. This is a big country and Canadians prefer, so it would appear, to travel by other means of transport, such as the automobile, the airplane or the bus. So, over time, passenger traffic on Via Rail has declined very considerably, costs have risen, and, frankly, difficult decisions must be taken if we are to bring the financial situation under control.

Senator Perrault: When was the last time the Leader of the Government in the Senate travelled by Via Rail, either in the maritime provinces or in western Canada? Can the Leader of the Government recall that magic moment when he travelled aboard Via Rail and could he provide us with a date?

Senator Murray: Honourable senators, my honourable friend will be, perhaps, surprised and pleased to learn that, at least since I became a member of the Senate, I have travelled on Via Rail in the Maritimes from Halifax or from the Maritimes to Montreal.

Senator Frith: Oh, you are the one who stopped using it!

Senator Murray: I have done so, but, like a lot of other passengers, I have been travelling on a pass, which does not give Via Rail much revenue. Indeed, within the last month or so I have twice travelled to Toronto and back by Via Rail and I pronounce myself as very pleased and impressed with the service and attitude of the employees of Via Rail. As I say, the employees and the management and the government have all given it their best shot, but maintaining Via Rail at the present level of activity does not seem to me to be "on" as a financial proposition.

Senator Perrault: Honourable senators, these are the statements of someone who has literally thrown in the towel. We have a decision to close down Via Rail made by a group of people in cabinet who have not travelled on the line to any great extent within the last five or ten years. They do not know what they are talking about, but they are going to close down VIA. The Leader of the Government recalls that great moment when he went by Via Rail from Ottawa to Toronto. Does the Leader of the Government realize that on that route Via Rail uses the only pieces of good equipment that they are able to muster? We do not get that kind of equipment in western Canada and it is not to be found in the maritime provinces. The good equipment is always on the Montreal-Ottawa-Toronto-Windsor routes. That is where the good equipment is used.

However, we are talking about Canada. The railways brought this country together in the first instance. That is what united this country, and for the government to throw in the towel and arbitrarily slash this money from the Via Rail budget is deplorable. In fact, it has driven even the president of VIA, a supporter of the government, to say: "This is too much for me!" He could stand a Conservative government and a Conservative prime minister, but he could no longer stand the way in which this government was treating Via Rail—this former avid supporter of the government. And now he has been fired for speaking out!

Honourable senators, I am suggesting to the government that before they make this final and fateful decision, let us discover what potential there lies in upgrading VIA equipment to world standards and thus make railway transportation for the people of Canada desirable once again.

Senator Steuart: Out west even the freeloaders will not ride Via Rail any more!

RATIONALIZATION-BASED-ON-USAGE PLAN—MAINTENANCE OF SERVICE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, on the question of the plans that Via Rail has, I wonder if the Leader of the Government can give us some detail. First, perhaps he can tell us whether or not there is a plan for some rationalization based on usage and whether any decisions have been made about maintaining some of the services. For example, I refer to the service between Montreal, Ottawa and Toronto and the Windsor corridor in general. Like the Leader of the Government, I have been using Via Rail regularly since November. In fact, I have not flown into the Toronto airport since November. I shall be taking a train to Toronto this afternoon, as a matter of fact. As the senator has said, the service is excellent. There are four trains a day in both directions and it is a very worthwhile way to travel. Of course, I realize that that is of small comfort to those in the west and in the Maritimes.

It seems to me, however, that most of the publicity has been of this general nature. We have really had no detail on whether there is an intention to abandon or shut down service in the Maritimes and in the west and to maintain the service in

the Quebec City-Windsor corridor. So it seems to me that it might be a worthwhile subject for investigation by our Transport and Communications Committee.

Senator Perrault: Hear, hear!

Senator Frith: I wonder if the Leader of the Government could at least bring us up to date on where, in general, the government's plans to rationalize now stand and what detailed decisions they have made on the subject?

Senator Perrault: You are sidetracking the issue!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I believe I mentioned earlier, VIA Rail and the government are awaiting a report, which, I believe, is due late this month or early next month, on the basis of which we and the board and management of VIA Rail will make decisions with regard to the future of that organization. There can be no doubt that to live within the financial constraints that the government has imposed upon VIA Rail will necessitate some abandonment of services. As well, there are other alternatives, such as privatization of certain lines and so forth, that have been mentioned.

Senator Frith: Will that report be public?

Senator Murray: I would expect so, yes.

CANADIAN BROADCASTING CORPORATION

PRIVATIZATION—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, this morning the president of the Canadian Broadcasting Corporation, Pierre Juneau, was interviewed on "Morningside" by Peter Gzowski. Mr. Juneau said that he had received a report that one of the Leader of the Government's cabinet colleagues had stated that the ultimate intention of the government is to privatize the CBC. He indicated that he did not receive the message directly but that he had been informed that the object of the government is to privatize the Canadian Broadcasting Corporation. Can the Leader of the Government in the Senate provide us with any enlightenment on this alleged comment by Mr. Juneau?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not think I should be expected to comment on alleged comments by Mr. Juneau or anybody else. Let me simply say that it is not part of the government's policy, nor is it its intention, to privatize the Canadian Broadcasting Corporation.

Hon. Philippe Deane Gigantès: Honourable senators, should we take that assurance with the same faith that we took the assurance of Prime Minister Mulroney that privatizing Air Canada was not on the books at all?

Senator Murray: Honourable senators, here again, I think the honourable senator would do well to read completely the text of the statement made by Prime Minister Mulroney on

[Senator Frith.]

that matter. Prime Minister Mulroney did indeed raise at the time the possibility of raising equity capital in the private market and putting part of Air Canada up for sale.

Senator Gigantès: Honourable senators, I shall read today's *Hansard* with great attention to the statement of the Honourable Leader of the Government on privatizing the CBC, for any hidden nuances that might have escaped me when I was listening to him.

TRANSPORT

QUEBEC CITY-JONQUIÈRE RAILWAY LINE—STATUS SHOULD MINISTER CHANGE PORTFOLIOS

Hon. Philippe Deane Gigantès: Honourable senators. I should like to ask the minister another question. If the Minister of Transport changes portfolios—ministers do change portfolios—will the line from Quebec City to Jonquière remain or will it disappear?

Senator LeBlanc: It is a sacred trust!

● (1440)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator, as an experienced parliamentarian, knows better than to ask hypothetical questions.

EXTERNAL AFFAIRS

OFFICIAL OPENING OF CANADIAN EMBASSY IN WASHINGTON, D.C.—OMISSIONS FROM GUEST LIST

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, yesterday we all joined in the celebration of the opening of the new Canadian embassy in Washington, D.C., the land for which was acquired by reason of a decision by Prime Minister Trudeau, with some criticism at the time from the opposition that was then the Conservative Party. The choice of the architect—the architect who was praised so highly yesterday—also generated a great deal of criticism and a great deal of controversy.

I listened in vain for any reference or any credit being given to the previous government for the decision that led to the celebrations yesterday. My question is: Was that deliberate or was it simply an oversight?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend was not listening very carefully. I heard the live broadcast that I am sure he heard at about supper time last night and I distinctly heard the master of ceremonies for the occasion, Ambassador Burney, referring to the steadfastness and determination of the political leadership of the country.

Senator Frith: He said, "our political leaders."

Senator Murray: He referred to the political leadership of the country, of Canada, that had seen the project through, and

I certainly took that to mean those who had originated the concept and those who had been there for its realization.

Senator Frith: How many people do you think would have interpreted "our political leaders" as anything but a finesse? For example, was Prime Minister Trudeau invited to the celebration? Was there any direct reference to the fact that the decision that led to this event had been made by a previous government?

Senator Murray: Honourable senators, I have not the faintest idea who was on the invitation list, so I cannot answer the question.

Senator MacEachen: We know who was not.

Senator Murray: Was my friend not invited either?

Senator MacEachen: We know who was not: any Liberal who was associated with it.

Senator Murray: Well, I am very sorry to hear that; I was not aware of that.

Senator MacEachen: There is great magnanimity in the Conservative Party.

Senator Murray: They share that distinction with me, because I was not invited either.

Senator Frith: Honourable senators, to get back to the original question, was it an unfortunate oversight, for which apologies will be issued, or was it deliberate?

Senator Murray: Honourable senators, there was no oversight.

Senator Frith: That is a very good answer.

SENATE REFORM

TRIPLE-E SENATE—FEDERAL-PROVINCIAL CONSULTATIONS

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government, in his capacity as Minister of State for Federal-Provincial Relations, about a matter that has been raised again in Edmonton by the Minister of Federal and Intergovernmental Affairs, Mr. Horsman, who was reported under the headline "Senate Reform Back on Track."

It should be pointed out that two outstanding spokesmen for Senate reform such as Premier Don Getty and Mr. Horsman, the Minister of Federal and Intergovernmental Affairs, had this as part of their election program prior to the provincial election in Alberta in mid-March. It is well worth noting that Mr. Horsman had his majority reduced from well over 5,000 to just over 1,000 and Don Getty lost his seat.

Senator Perrault: A real endorsation of the idea!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Medicine Hat was afraid of losing its senator.

Senator Olson: I wonder if Mr. Horsman had conferred with the Minister of State for Federal-Provincial Relations in Ottawa who has the ultimate responsibility for accepting

constitutional changes for and on behalf of the federal government. Does the minister, in fact, concur with Mr. Horsman's idea of Senate reform?

Senator Murray: Honourable senators, I presume the honourable senator is speaking about the bill that was on the order paper of the Alberta legislature at the time of dissolution.

Senator Olson: Yes.

Senator Murray: I have made some public statements about that matter. As of now I am not certain what the intention of the Alberta government is with regard to that bill when the new legislature opens.

Senator Olson: That is what this newspaper article is all about. Mr. Horsman is claiming that he is going to reintroduce the bill and that the Alberta government is going to accept nominees from all across Alberta, with the expectation that the federal government will have some obligation to appoint a person who has been nominated. Mr. Horsman, in this article, goes on to say that they are going to accept nominations from the political parties, notwithstanding that they have already said that they are going to depoliticize this process. I am wondering if the minister can tell us what is going to happen here.

Senator Murray: Honourable senators, Mr. Horsman understands the position of the Government of Canada on that matter. I met with him and with Premier Getty shortly before the election was called in Alberta. We also met with the media at that time.

We, of course, understand their position. Mr. Horsman and I do discuss the Senate reform process from time to time. As the honourable senator will be aware, the Alberta task force on Senate reform has done a national tour, has met with the federal government as well as with the other provinces, and I have been around and met with all the provinces to discuss the prospects of Senate reform as one of the priority items on the agenda for the second round of constitutional reform following ratification of Meech Lake.

Mr. Horsman called me the other day from Stettler.

Senator Olson: The site of the byelection.

Senator Murray: He called me to advise me that, in view of the interest of the new Government of Newfoundland in this matter, he was considering returning to that province with his task force to meet them to explain and discuss Alberta's position on the matter. I, of course, encouraged him to do so.

Senator Olson: I believe that some time ago the minister either advised the Senate or, at least, made a public statement to the effect that he had commissioned or annointed Mr. Horsman to do a tour of the provincial governments of Canada to find out what kind of Senate reform was acceptable. Since he was doing this for and on behalf of the federal government, are we to take it that the kind of structure he is now advocating is the structure envisaged by the federal government?

Senator Murray: Honourable senators, I do not have Holy Orders and, therefore, I did not annoint Mr. Horsman or

anyone else. If anyone had annointed Mr. Horsman, it would have been the western premiers—in fact, not just the western premiers but all the premiers who, at their last conference, suggested that Alberta should make the rounds of the provinces—

Senator Frith: To proselytize.

Senator Murray: —in order to explain and discuss their position on Senate reform. I had made a similar suggestion on behalf of the federal government to follow up with some consultations of my own in the different provinces. That process has been completed, and it remains now for us to await the ratification and proclamation of the Meech Lake Accord and to begin the second round of constitutional reform, which I hope and believe will lead to a comprehensive reform of the Senate.

Senator Olson: I want to be clear on one thing. The Leader of the Government now says it was the western provinces who commissioned or annointed Mr. Horsman to make this tour to draw up a structure. Is it not true that the Minister of State for Federal-Provincial Relations asked Mr. Horsman to make this tour and to report to him?

● (1450)

Senator Murray: Honourable senators, I had suggested about a year ago that, indeed, we might follow somewhat the same process that was followed in the run up to Meech Lake, where the Quebec minister made a tour of the provinces to explain Quebec's position and I followed up on behalf of the federal government. I had suggested that to Mr. Horsman. I think he was considering the suggestion very positively, but, if I am not mistaken, later the western premiers and finally all ten provincial premiers had agreed that Mr. Horsman and the Government of Alberta should engage in consultations across the country on this subject.

Senator Olson: Now that you have stated that you have completed the process and you have a report from Mr. Horsman on what you asked him to do, does that mean that there is federal endorsement of the so-called Triple-E Senate?

Senator Murray: No, honourable senators. The purpose of my last visit to Edmonton in February or March was precisely to compare notes with Mr. Horsman and the Alberta task force on their tour and mine on the subject of Senate reform. There will need to be further consultations with the provinces. It is no secret that, among the provinces, only Alberta has done a great deal of work on this subject.

As for the position of the federal government, Prime Minister Mulroney has made it clear that at the first constitutional conference following proclamation of Meech Lake he would place on the table a proposal based on an elected Senate.

RANGE OF OPTIONS—REQUEST FOR STATEMENT

Hon. Joyce Fairbairn: Honourable senators, I have a question for the Leader of the Government in the Senate. Would he be prepared to tell this house even the range of options that have been discussed by him with the various ministers across

the country? As far as the general public and members of this house know—and as Mr. Horsman has repeated—the proposal for a Triple-E Senate is the issue that is on the table. We know nothing about any of the other ideas that may have arisen in these discussions.

Without identifying the names, could the government leader in the Senate give us a statement on the broad range of options and proposals that have been discussed?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall consider doing that, perhaps in the course of a debate at some point. A good deal of it is public already. This house has had a committee and a report on the question of Senate reform. So, I believe, has the other house at one point.

Premier Ghiz is on the record as the only premier who is opposed to an elected Senate, although he has made it clear that, in the spirit of federalism, he would not be the last hold-out. Prince Edward Island has a position in this matter in favour of an equal Senate—that is equal in representation from every province, but whose members are appointed by provincial governments. That is the position of Prince Edward Island at the moment and Premier Ghiz would like to have the opportunity to argue that case at the federal-provincial conference on this matter.

When Premier Peterson was Leader of the Opposition, he appeared before either a parliamentary committee or the MacDonald Royal Commission, or perhaps both, to put forward another proposal. That is not officially the proposal of the Government of Ontario at the moment. They are not opposed to the concept of an elected Senate, but, of course, when it comes to discussing equal representation for every province, they would want to satisfy themselves as to the proposed powers of such a body before embarking on a discussion of representation.

So it goes from province to province. There is no province, with the exception of Prince Edward Island, that has taken a position in opposition to an elected Senate. So that is a start.

There are several provinces—Newfoundland as of the other day; British Columbia and Manitoba certainly—which endorse the three-E Senate. Several others, such as New Brunswick and Saskatchewan, endorse it, at least in principle if not in detail.

Senator Fairbairn: I thank the government leader in the Senate for his comments, which are enormously interesting. The issue is of great interest and importance not just to people in this house but to the public, perhaps more in certain provinces and certain areas of the country than in others.

I am wondering, having begun this discussion today, whether the government leader in the Senate would seriously consider taking the opportunity to take us on a tour of the country with him and make a statement in this house?

Senator Murray: You mean verbally?

Senator Fairbairn: I mean a verbal tour of the country—although the other would be appreciated as well.

Senator Frith: Figuratively, not literally.

Senator Fairbairn: I am sure that even a small group of senators would be delighted to accompany the Leader of the Government on some of these visitations across the country.

Senator Frith: On VIA!

Senator Olson: By VIA Rail, yes.

Senator Fairbairn: Will the government leader undertake to give this house a resumé of these discussions as they have occurred to date, rather than leaving us to wait for the bits and pieces that come out in the newspapers from time to time? It would be enormously useful if he could do that.

Senator Murray: Honourable senators, I will read tomorrow what I have said today on the subject to see whether there is some further information that I can properly place before the Senate on that matter at this time. I suspect that I have gone about as far as I can go without taking upon myself the responsibility of speaking for the provinces, which, of course, I cannot do.

Senator Olson: You have not told us where the federal government stands yet.

Senator Murray: Yes, I have. The federal government has not committed itself to an elected Senate.

PARLIAMENT HILL

CONDITION OF ROADWAYS AND SIDEWALKS

Hon. Charles McElman: Honourable senators, I should like to revisit with the honourable Leader of the Government one of my hobby horses, which I hope does not become perennial, because I am sure he is considering action on it.

I have many times raised with him the condition of the Hill. These precincts are one of the jewels in our democracy, visited by hundreds of thousands of Canadians each year. That season when they visit in the greatest numbers is almost upon us, and I notice that not only are the paved streets of the Hill breaking up quite badly in places but the cement walks in areas of the precincts are in dreadful shape.

Despite the frugal approach of the government at this stage, could he not convince his colleagues that this is a place that should have primary attention and repair as a prideful place for Canadians?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall certainly bring the honourable senator's comments to the attention of the authorities and I shall obtain a report of what plans the government has in this regard.

THE CONSTITUTION

ALLEGED STATEMENT BY PREMIER BOURASSA ON USE OF "NOTWITHSTANDING" AND "DISTINCT SOCIETY" CLAUSES—REQUEST FOR CLARIFICATION

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government in the Senate.

When I spoke during the debate on the Speech from the Throne I suggested that the Premier of Quebec had stated that, had the Meech Lake Accord been in force through the operation of the "distinct society" clause, he would not have had to use the "notwithstanding" clause. The Honourable Leader of the Government intervened and said that there was no indication at all that the Premier of Quebec had made such a statement.

● (1500)

I have an article from the *Globe and Mail* under the byline of Penny MacRae of the Canadian Press in which she quotes Mr. Rémillard, who, as honourable senators will know, is Quebec's intergovernmental affairs minister. That article states:

Premier Robert Bourassa's decision to invoke notwithstanding clauses to override the Quebec and federal charters of rights was a "last resort" to protect the sign legislation—Bill 178—from endless court challenges, Mr. Rémillard said.

He has suggested that Quebec might not have been forced to use the clauses if the Meech Lake accord were already ratified. This would be because the use of French as the official language in Quebec would be protected by the accord's "distinct society" clause.

Again, I quote from an article from the *Montreal Gazette* under the bylines of Terrance Wills and Jennifer Robinson. It states:

An aide to Bourassa said last night the premier's advisers believe that Bill 178 would be legal under the distinct society status given Quebec under Meech Lake. Use of the notwithstanding clause would thereby not be necessary.

In an article that the honourable leader will be aware of, under the byline of Don McGillivray, in answer to a letter the government leader had written to him replying to a previous column, he states:

In his latest letter, Senator Murray says he finds it disappointing that I continue to make "errors of fact" in commenting on Meech Lake.

This time, he wants me to know that Premier Robert Bourassa has never indicated he wouldn't have had to use the notwithstanding clause in the Constitution to enact his 1988 "inside-outside" sign law, Bill 178, if the Meech Lake accord had been in effect giving power to Quebec to promote its distinct society.

But that's what Bourassa said at a press conference in Quebec City on Dec. 18, 1988.

Benoit Aubin of the Toronto *Globe and Mail* reported Bourassa "suggested that invoking the notwithstanding clause in the Constitution was necessary because the Meech Lake constitutional accord, which gives Quebec extra powers to protect its French language and culture, has not yet been ratified."

Peter Maser of Southam News quoted Bourassa as saying that when the Meech Lake accord was ratified "it will be up to us to judge at that time whether that additional protection can allow us to reconsider the continued use of the notwithstanding clause."

And Daniel Drolet of the Ottawa Citizen reported Bourassa saying that if the accord was ratified it would give Quebec additional powers to protect French. Drolet's report then used the same quotation as Maser's.

Then he goes on from there.

It is true you can interpret those reports of Mr. Bourassa's statements to mean that perhaps he did not say exactly that, but what interests me is that it is also capable of interpretation that he did, in fact, endorse it, because, if Mr. Rémillard and an adviser have stated quite clearly that the "distinct society" clause could be used in lieu of the "notwithstanding" clause, one wonders why Mr. Bourassa then did not say this was not the case. He has allowed it to stand and, if he has allowed it to stand, one wonders, then, if the statements he made could not be interpreted to mean that Mr. Bourassa believes the "distinct society" clause could be used for the purposes of Bill 178 and it would not be necessary to use the "notwithstanding" clause.

I wonder, in light of his intervention, if the government leader would like to comment on that point and tell us why he is so sure that that statement was not made. Perhaps it was not made directly out of Mr. Bourassa's mouth, but it was made by—certainly in the case of Mr. Rémillard—an important minister of his government and it has not been refuted in Mr. Bourassa's statements, and it may well have been endorsed by Mr. Bourassa in the statements reported in Mr. McGillivray's article.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think I am familiar with all of the newspaper reports the honourable senator has quoted. I had a very diligent search and inquiry made in light of those articles to see whether Premier Bourassa had ever said that if the Meech Lake Accord had been in force he would not have had to invoke the "notwithstanding" clause and could have justified Bill 178 under the "distinct society" clause of the Meech Lake Accord.

I have not been able to find that statement by Premier Bourassa and I have been assured that that statement was not made.

Occasionally reference is made to the additional protection that the Meech Lake Accord would give to Quebec and to its cultural and linguistic security. That is true, but the reference is not just to one provision of the Meech Lake Accord, the "distinct society" clause; the reference is to the Meech Lake Accord as a whole and to several other important provisions which improve and increase the cultural security and confidence of Quebec.

In addition to the "distinct society" clause, there is the possibility of Quebec's, as well as other provinces', entrenching

agreements on immigration that are made between the federal government and the provinces, a very, very key consideration in Quebec. Another is the provision in Meech Lake that would constitutionalize what is now the statutory right of Quebec to a third of the judges on the Supreme Court of Canada.

Then there is the change to the amending formula, which would add to the list of subjects that require unanimous consent for amendments, including national institutions such as this place and the Supreme Court, the creation of new provinces and so forth.

So the references to Meech Lake in terms of cultural protection are not limited to the provisions relating to the "distinct society" clause.

Finally, I think it must be stated that Premier Bourassa has taken a very firm position with respect to the "notwithstanding" clause precisely because it is so much more powerful a tool than the "distinct society" clause, which is an interpretative clause in the Constitution. Granted, he could invoke it in a court case, as indeed the distinctiveness of Quebec society has been invoked now. That has been taken into consideration by the courts in rendering judgment, but Premier Bourassa obviously recognizes, from his statements on the "notwithstanding" clause, that that is a far more powerful tool than an interpretative clause in the Constitution.

I think he has made it clear—and although I cannot cite the quotations, I think I can find them—that he would never consider trading the "notwithstanding" clause for the "distinct society" clause.

Senator Frith: Or vice versa!

Senator Everett: As honourable senators know, there are a number of people who would not trade the "notwithstanding" clause, but for other reasons, and, indeed, Mr. Bourassa may have other reasons that are not related to this.

• (1510)

I agree that his statements could very well be interpreted in a number of ways, and you could include any one of those from the list that the government leader gave us in the statements that have been quoted by Mr. McGillivray.

However, we cannot avoid or escape the fact that Mr. Rémillard has, I gather, made a statement to the effect that, if the "distinct society" clause was in force, they would not, in this particular case dealing with Bill 178, have had to use the "notwithstanding" clause. That is important, because that is interpretive of what "distinct society" means and what it means when it is in the body of the Constitution.

I should have thought that in checking what Mr. Bourassa said you would have checked—or perhaps you should check—what Mr. Rémillard has said. I will not refer to the adviser, because the adviser is not identified; but Mr. Rémillard, who is an important minister in the government, has made this statement. You have checked as to whether Mr. Bourassa said that, but there is nothing that I can find indicating that Mr. Bourassa refuted what Mr. Rémillard said, having been given an opportunity to do so.

[Senator Everett.]

DELAYED ANSWERS TO ORAL QUESTIONS THE ENVIRONMENT

PREVENTION OF OIL SPILLS IN CANADIAN WATERS— GOVERNMENT ACTION—CANADA'S CAPACITY TO DEAL WITH OIL SPILLS—GOVERNMENT ACTION

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked on April 4 and May 2, 1989, by the Honourable Colin Kenny regarding the Environment—Prevention of Oil Spills in Canadian Waters—Government Action—Canada's Capacity to Deal with Oil Spills—Government Action.

(The answer follows:)

To ensure that a similar incident does not occur in Canadian waters (the *Exxon Valdez* grounding), the Canadian Coast Guard provides a number of services designed to facilitate safe navigation of all vessels, including particularly those with polluting cargoes. These include an extensive network of conventional and electronic aids to navigation, the broadcast of safety information by a network of Coast Guard radio stations, a system of traffic lanes and traffic separation zones in waters with significant volumes of traffic, and a series of vessel traffic management stations which monitor and guide ships through areas of significant traffic or in areas where large volumes of polluting cargo are routinely carried by ship.

In Canada, high level traffic management systems including radar surveillance and real time communications are provided in areas with substantial tanker traffic, and similar systems with VHF radio coverage but without radar are provided in three other sites. The radar equipped sites include Placentia Bay, Newfoundland, Halifax Harbour and approaches to the Bay of Fundy and approaches to Saint John Harbour, the areas of Les Escoumins, Quebec City and Montreal in the St. Lawrence, the Straits of Juan de Fuca and approaches to Vancouver Harbour, B.C., and the lower West Coast of Vancouver Island (from Tofino). Sites monitoring traffic by radio only operate in Prince Rupert, B.C., the Detroit/St. Clair River, and in St. John's, Newfoundland. Participation in these traffic management systems is mandatory for all vessels of over 20 meters length.

This system of traffic management centres with trained regulators and standardized procedures is among the most extensive in the world and has been put in place specifically to reduce the large risk of collision, grounding and striking accidents involving large ships, particularly where they carry polluting cargoes. In addition, Canada has established a unique system to offshore reporting systems (sic.) in which ships wishing to enter Canadian waters first file with the Coast Guard, by radio, information relating to their voyage and the condition of their vessel to ensure that it meets Canadian standards and does not pose a pollution risk.

Once entering confined waters, a comprehensive system of pilotage provided by the four Crown Corporations

responsible for this service ensures that a trained mariner thoroughly familiar with the local area boards each vessel to provide guidance and local expertise.

In addition to these systems designed to facilitate safe passage, Canada also has an extensive regulatory regime under which tankers must meet stringent standards of design, construction, manning and operation. In addition to these standards applying to Canadian flag vessels, Canada imposes additional requirements on foreign flag vessels beyond those already required by International Convention, and requires that ships of foreign registry carry a non-Canadian ship compliance certificate to demonstrate that they meet these standards.

Current Canadian requirements regarding oil pollution prevention are contained in the oil pollution prevention regulations, and non-Canadian ships compliance certificate regulations, both made pursuant to the Canada Shipping Act. Safety regulations regarding construction, equipment, operation, officer certification and safe manning requirements are similarly made pursuant to the Canada Shipping Act.

In addition, under the same legislation, Pollution Prevention officers are created and empowered to take action to prevent a pollution incident within Canadian waters or fishing zones. These powers require that a ship permit boarding and inspection by a PPO, produce information or documents demanded by a PPO, enter or leave certain areas as may be designated by the PPO, all with a view to preventing a pollution incident or mitigating its consequences.

With regard to the supplementary question "on what Canada's capacity would be to deal with a spill, if one should take place", the Canadian Coast Guard has in place multi-level contingency plans for responding to oil pollution incidents. In conjunction with supporting Departments and Agencies (and in particular the Department of Environment and the Department of Fisheries and Oceans), the Coast Guard regularly conducts exercises of its contingency plans and response capability.

The Canadian Coast Guard maintains depots of pollution countermeasures equipment at 50 locations across Canada. The current inventory of such equipment is worth approximately \$35 million, and equipment can be moved from one area to another as required in the event of a spill. Several hundred Coast Guard and other Department Personnel have been trained in cleanup operations, and regular training courses are held in marine spill emergency management.

In addition to this capacity within Government, the major oil companies and marine terminal operators and Ports in Canada also maintain significant stocks of pollution cleanup equipment, and have their own contingency plans for their areas of responsibility. Through the Joint Oil Spill Response Plan (JOSREP) arrangements are also in place between the Coast Guard and Industry to provide

additional industry personnel to Government to assist in the management and cleanup of a major incident, should one occur, and the private sector pollution countermeasures equipment is available to Government in such a case.

With respect to the concern expressed that "while there are two cleanup depots in Southern British Columbia, neither of them has the capacity to deal with a spill anywhere near the size of the *Exxon Valdez* spill" no one depot is intended to have the capability to respond to a record size spill such as the Alaskan disaster. Rather, the equipment from all depots, the equipment from the private sector, and the combined personnel and expertise from both Industry and Government would be brought together under the coordination of the Coast Guard, under the Joint Oil Spill Response Plan, in order to deal with such an incident.

With regard to the Honourable Senator's supplementary question of May 2, notwithstanding the various systems and provisions outlined above designed to reduce the risk of a similar accident occurring in Canadian waters, Ministers have recently directed their deputies to carry out a thorough review of the various tanker safety systems, contingency plans and pollution response capabilities currently in place. An Interdepartmental Team under the Chairmanship of the Department of Environment has been established for this purpose, and will be bringing forward recommendations for the Minister of Transport, Minister of Environment and other concerned Ministers over the coming months.

SOLICITOR GENERAL

REPORTS OF CORRECTIONAL INVESTIGATOR—REQUEST FOR TABLING

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Earl A. Hastings on Solicitor General—Reports of Correctional Investigator—Request for Tabling.

Senator Hastings: What? Did I get an answer?

Senator Phillips: We have it for you!

Senator Frith: April 1989?

Senator Hastings: I thought it was 1988!

Senator Phillips: 1989.

(The answer follows:)

There is always a delay involved in preparing the report for publication due to editing, translation and printing requirements. The 1986-87 report was delayed further by the election call. Finally, some time was involved in determining whether the report should be tabled once the house resumed sitting or released immediately. The matter was resolved in favour of a prompt release.

Contrary to the statement of Senator Hastings, the Solicitor General has not had the 1987-88 Report for

almost a year; it was received from the Correctional Investigator on April 6, 1989.

The report is now being translated and prepared for publication. It will be released as soon as possible.

Although it is not mandatory to table these reports in the House, this has been the tradition and it is expected to continue.

HER MAJESTY QUEEN ELIZABETH II

FORTHCOMING VISIT TO U.S.S.R.—CONSULTATION WITH CANADIAN MINISTERS

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Allan J. MacEachen regarding Her Majesty Queen Elizabeth II—Forthcoming Visit to U.S.S.R.—Consultation with Canadian Ministers.

Senator Frith: Can we hear that one? We would like to hear it.

Senator Phillips: If you really want me to; the answer is very brief.

Her Majesty the Queen is visiting the U.S.S.R. as Queen of the United Kingdom, on the advice of the U.K. government. She is in no way acting as Queen of Canada in regard to this trip. It would therefore be improper to comment further.

Senator Frith: I don't know why the word "therefore" is there.

NORTH ATLANTIC TREATY ORGANIZATION

NEGOTIATIONS WITH SOVIET UNION—DIFFERENCE OF OPINION BETWEEN PRIME MINISTER THATCHER AND CHANCELLOR KOHL—GOVERNMENT ATTITUDE

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question asked by the Honourable Allan J. MacEachen regarding North Atlantic Treaty Organization—Negotiations With Soviet Union—Difference of Opinion Between Prime Minister Thatcher and Chancellor Kohl—Government Attitude.

(The answer follows:)

Canada has advanced several suggestions for the consideration of our NATO allies in an effort to help NATO achieve a compromise in the Short Range Nuclear Forces (SNF) debate.

These suggestions reflect the Canadian position that any NATO decision to undertake necessary modernization should be accompanied by an offer to negotiate reduction on SNF, provided that we exclude the "Third Zero" from the outset.

Alliance security continues to rest on maintaining an appropriate mix of conventional and nuclear weapons. For this reason, we do not believe that the total elimination of SNF is desirable.

There is no point in publishing the elements of our proposal. Our aim is not publicity, but to seek an agreement that works.

These were discussed with NATO Secretary General Woerner during his trip to Canada earlier in the week. They were also communicated by the Secretary of State for External Affairs in letters to American Secretary of State Baker, British Foreign Secretary Howe and West German Foreign Minister Genscher and presented in the NATO Council on May 3.

The Prime Minister and the Secretary of State for External Affairs will discuss the Canadian suggestions with President Bush and Secretary Baker in a trip to the United States that began May 3.

SPACE RESEARCH

ESTABLISHMENT OF SPACE AGENCY—STATUS OF ROCKET BASE AT CHURCHILL, MANITOBA

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 3, 1989, by the Honourable Gildas L. Molgat regarding Space Research—Establishment of Space Agency—Status of Rocket Base at Churchill, Manitoba.

(The answer follows:)

We are just in the process of creating the Canadian Space Agency. One of its first tasks will be to review the status of the current long-term space plan and provide the Government with recommendations for the future.

It is too early to prejudge this process.

PARAGUAY

REPORT ON ELECTION—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. B. Alasdair Graham: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that later this day I will call the attention of the Senate to the election in Paraguay earlier this week.

TRANSPORT

NEWFOUNDLAND—EFFECTS OF WITHDRAWAL OF AIR CANADA SERVICE FROM STEPHENVILLE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.—*(Honourable Senator Bonnell)*.

Hon. M. Lorne Bonnell: Honourable senators, I am not prepared to enter into this debate today, but I understand that

Senator Cochrane is, and, with leave, I would like to allow her to speak on this subject, with the adjournment being in my name when she has finished.

Hon. Senators: Agreed.

Hon. Ethel Cochrane: I would like to thank Senator Bonnell for allowing me to speak at this time. He was much quicker getting to his feet yesterday than I was.

Honourable senators, as we all know very well, the Senate has a lengthy tradition, in fact, since Confederation, as a forum for the expression and protection of regional interests. It is in that spirit that I rise to speak to you today, as a senator from Newfoundland and, in particular, from the western part of Newfoundland. The issue I am concerned with is transportation—transportation to and from a remote part of an island to the mainland of Canada, to the rest of North America and, through those points, to the rest of the world.

Senator Marshall spoke yesterday about the announcement by Air Canada that it will be withdrawing jet service from the airport at Stephenville, Newfoundland, next month. He has already outlined to this chamber the potentially devastating effects that loss of air service will mean—not just to Stephenville but to the surrounding area of western Newfoundland. He has also informed us about the thousands of letters of complaint received by his office and my office, as well as by the ministers responsible for transportation and privatization, the minister responsible for Newfoundland, and the chairman of the National Transportation Agency.

Stephenville is a fairly small urban community by the standards of central Canada with a population of about 25,000 citizens. But Stephenville is blessed with an airport of international standards which has served the area of southwestern Newfoundland for more than 40 years. Our airport is also the weather alternative for flights to and from Gander International Airport. Flights that cannot land at Gander are diverted to Stephenville for refueling, maintenance, or disembarkation and ground transportation to other points.

Stephenville Airport means much more than that to the people of Stephenville and many other communities in the surrounding area of southwestern Newfoundland. Our fishermen and fish processors are dependent on our jet service to transport fresh fish products to markets in the major population centres of eastern Canada and the United States. Over 1.5 million pounds of fish per year are shipped out through Stephenville Airport. Our business community relies on air service to deliver supplies and for business trips; our consumers rely on air service to deliver the goods they buy—especially since our rail service has been cancelled. Our tourist industry, which has been growing in recent years, can hardly continue to grow if tourists cannot get in and out of the area.

In short, in an island community in a province recently deprived of railway service the people of the Stephenville area are forced, in the last two decades of the twentieth century, to rely on air travel and air cargo service.

For more than 40 years Stephenville Airport has been served, and served well, by Air Canada. According to its

annual report for 1988, Air Canada had an 8 per cent increase in passengers and recorded record profits. According to management at Stephenville, our airport recorded a 12 per cent increase in passengers. In the face of these statistics, knowing the community's reliance on, and support of, air service, and without warning to the community, Air Canada announced on February 1 this year that it would withdraw service from Stephenville Airport, effective June 17.

To add serious insult to grievous injury, Air Canada did not even have the decency or intestinal fortitude to make their announcement in Stephenville. They held a press conference in Corner Brook, without informing the Stephenville media, as Senator Marshall pointed out in his remarks yesterday.

I, like many others, have communicated with the Minister of Transport and the chairman of the National Transportation Agency to request that public hearings be held in Stephenville itself—not in Corner Brook or some other community—concerning this decision by Air Canada. I understand that the Honourable John Crosbie, Newfoundland's representative in cabinet, has made the same request to the Minister of Transport, and I certainly hope that our efforts, and those of Senator Marshall and the voices of the opposition MPs from our area of Newfoundland, bear fruit.

I have also communicated with Mr. Claude Taylor, the chairman of Air Canada. I wish I could report to you some progress from our correspondence, but I cannot. I initially requested two pieces of information from Mr. Taylor: why Air Canada has decided to withdraw service from Stephenville and why their press conference to announce that decision was held in Corner Brook.

The answer to the latter question was that Corner Brook is the media's centre of western Newfoundland. That may be, but it is Stephenville's airport we are talking about and the media in Stephenville were not even informed of the press conference. Imagine the reaction if Air Canada decided to withdraw service from the Ottawa airport and announced its decision at a press conference in Toronto—because Toronto, after all, is the media centre of Ontario.

• (1520)

To my other question, what reasons Air Canada had for its decision to withdraw services, Mr. Taylor responded that the majority of passengers using the airport did not originate in Stephenville. Air Canada is replacing its Stephenville service with service by Air Nova, a subsidiary flying out of Deer Lake, a community about 100 miles away from Stephenville.

I have replied to Mr. Taylor, suggesting, first, that the majority of passengers using those flights will not "originate" in Deer Lake. I have also suggested to him that the majority of passengers flying in or out of airports in Montreal, Toronto and Vancouver do not "originate" in those cities. His logic should therefore dictate that Air Canada withdraw service from those airports. Since that is apparently not being done, I am eagerly awaiting Air Canada's reply to the question I asked in the first place: What are the reasons for the airline's decision to withdraw service from a community that has

[Senator Cochrane.]

supported Air Canada for more than four decades? A public inquiry might help to shed light on that question, if Air Canada is unwilling to give us an honest answer.

Honourable senators, this is not a trivial matter in the life of a community. This decision will have a devastating effect on the livelihoods of fishermen, businessmen, travellers and people who rely on the tourist industry in the Stephenville area for their incomes. Air Canada's decision could help to destroy the local economy. Bear in mind that if this can happen in southwestern Newfoundland, it can happen in your area, too!

I recently received Air Canada's annual report for 1988. The airline's net income more than doubled last year. It went from \$46 million to \$96 million—a record profit. In 1988 Air Canada inaugurated a new service to Portugal and announced that four more European destinations would be added this year. It is rather disturbing to find that our national air carrier, with the majority of its shares owned by the people of Canada, provides better service to Yugoslavia than it does to Newfoundland.

Senator Frith: That was a cruel shot, but an effective one!

Senator Cochrane: Honourable senators, I saw an Air Canada ad on television a few days ago. The narrator said: "Every day thousands of Canadian businessmen rely on Air Canada to get them to work and to get them back home again." That may be great for larger communities, but this ad is not true for the smaller communities across the country where Air Canada is now withdrawing service.

Senator Marshall spoke eloquently and at length about the impact this action will have on the economy of western Newfoundland—on the businesses our communities have built up over the years, on our fishermen, on the future jobs of the 315 workers at our paper mill. Those jobs, and the jobs of those people who work at Stephenville Airport, provide money that is put into the local and regional economy. And that money creates more jobs, especially in the service sector. Those jobs are in peril, at a potentially great cost in unemployment insurance benefits and welfare payments.

We export fish. What about the jobs lost in our markets throughout North America if we can no longer ship fresh fish from western Newfoundland? Will ACOA have to pay to create new jobs in plants to process frozen fish and to conduct feasibility studies on their marketability? How will we replace the jobs that will be lost in our service sector as a result of this decision?

I ask you this, honourable senators: Did the authors of deregulation and the National Transportation Act really intend that places like Stephenville be abandoned completely under deregulation? Did they intend this to happen to island towns like Stephenville, which have virtually no other transportation links to the rest of Canada? Of the five areas that will be affected by Air Canada's actions, Stephenville is the only one being completely abandoned—

Senator Guay: Shame!

Senator Cochrane: —and there is no requirement in the National Transportation Act for an Air Canada partner or subsidiary to replace the service that is being lost.

Hon. Senators: Hear, hear!

On motion of Senator Frith, for Senator Bonnell, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Monday next, 8th May, 1989, at two o'clock in the afternoon.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we discussed earlier one reason for coming back on Friday or Monday, but that reason, I am informed, no longer exists, because leave was not given in the other place for Bill S-2 to proceed through three readings. Therefore, there is no requirement for us to come back before Tuesday. The only reason that could be advanced for our coming back on Friday or Monday is the fact that the government will be obtaining a vote for interim supply in the other place tonight, I believe, or tomorrow. Another fact worth mentioning is that the Governor General's warrants expire next Friday, or so I have been informed by Senator Doody.

Senator Doody and I have discussed these two matters; that is, the adoption by order of the House of interim supply tonight or tomorrow in the other place and the need of the government, because of the expiry of Governor General's warrants, to have interim supply dealt with next week. Senator Doody said to me that if I were to suggest that the Senate did not have enough time to debate supply, then he would have to ask that the Senate return on Friday or Monday, which I said was a reasonable proposition. But we are not going to raise the question of time, and I will undertake to honourable senators that we will not. This is not just a matter of convenience but is because the real debate on the issue of supply takes place in the Standing Senate Committee on National Finance, which has been dealing with the Estimates now for the last two days.

Therefore, I see no reason why we should come back on Monday. I am completely fulfilling my undertaking and my agreement with Senator Doody when I move, in amendment, that the adjournment motion read:

That the motion be not now adopted but that it be amended by striking out all the words after the word "adjourned" and replacing them by the words "until Tuesday next, 9th May, 1989, at two o'clock in the afternoon."

● (1530)

Senator Phillips: Honourable senators, the matter of Royal Assent no longer applies, as Senator Frith has indicated. It was impossible to receive unanimous consent in the other place.

Senator Frith: I was not suggesting that there was anything misleading in that respect. Senator Phillips has informed me that Royal Assent is no longer an issue.

Senator Phillips: Senator Frith has referred to his commitment not to raise the time element and complain that the Opposition did not have the opportunity to debate the interim supply bill. However, there is another very pressing element to the time factor, and that is the expiry of the Governor General's warrants.

Senator Frith: I have mentioned that.

Senator Phillips: As Senator Frith has indicated, they expire on May 15, and May 12 would be our last possible day to pass those. It would be inappropriate for the Senate to meet for two or three days only and then fail to pass the interim supply bill.

I would point out, honourable senators, that we have no commitment that supply will be provided by the weekend. Without an agreement between the two parties that supply will be provided, I feel the Senate should do its duty and meet on Monday, May 8.

Senator Frith: Honourable senators, there is no connection whatsoever between sitting on Monday and a commitment on interim supply. That has nothing to do with sitting on Friday or Monday. That is why I moved the amendment.

The Hon. the Speaker: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Macquarrie, with leave of the Senate and notwithstanding rule 45(1)(g):

That when the Senate adjourns today, it do stand adjourned until Monday next, 8th May, 1989, at two o'clock in the afternoon.

In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Fairbairn:

That the motion be not now adopted but that it be amended by striking out all the words after the word "adjourned" and replacing them by the words "until Tuesday next, 9th May, 1989, at two o'clock in the afternoon."

Is it your pleasure, honourable senators, to adopt the motion, in amendment?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Is it your pleasure to adopt the motion as amended?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Your Honour, we should like a recorded vote.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1540)

The Hon. the Speaker: The doors of the chamber will now be locked.

Motion, as amended, carried on the following division:

YEAS

THE HONOURABLE SENATORS

Anderson	Lewis
Bonnell	McElman
Bosa	Molgat
De Bané	Olson
Everett	Perrault
Fairbairn	Petten
Frith	Robichaud
Gigantès	Steuart
Graham	(Prince Albert- Duck Lake)
Guay	Stewart
Haidasz	(Antigonish- Guysborough)
Hastings	Turner—25.
Hays	
Hébert	
Hicks	

NAYS

THE HONOURABLE SENATORS

Balfour	Murray
Bolduc	Phillips
MacDonald	Robertson
(Halifax)	Roblin
Macquarrie	Simard
Marshall	Spivak—12.
Muir	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

• (1550)

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Graham*). (6th day of resuming debate).

[Senator Murray.]

Hon. B. Alasdair Graham: Honourable senators, I yield to Senator Spivak.

(Translation)

Hon. Mira Spivak: Honourable senators, I am pleased to speak today in reply to the Speech from the Throne of April 3, 1989.

It is comforting to note that the Government has included environmental protection among its four main objectives. No previous government has given the environment such high priority, but none before has had to face threats of such unprecedented scale and scope to the life of our planet.

Hon. Royce Frith (Deputy Leader of the Opposition): I congratulate you on your French. Well done!

[English]

In the words of the conference statement of the International Conference on "The Changing Atmosphere", endorsed by over 300 scientists, policymakers and environmentalists from over forty countries:

Humanity is conducting an unintended, uncontrolled, globally pervasive experiment whose ultimate consequences could be second only to a global nuclear war.

The experiment involves changing the earth's atmosphere through pumping the so-called greenhouse gases—carbon dioxide, nitrogen oxide, tropospheric ozone, chlorofluorocarbons and methane—into the air in unprecedented quantities and at an unprecedented rate.

Our mindless tampering with the earth's life support system does not end there. We are acidifying the atmosphere, causing acid rain but also acid fog, acid snow and dry deposits of acidic matter. More frightening still, we are destroying the stratospheric ozone layer—that thin blanket of gas that protects all life on earth from the sun's most harmful rays. Changes to the chemistry of the atmosphere also occur due to human activities that we might not realize aggravate the problem of global climate warming. Deforestation around the globe is responsible for 20 per cent of the greenhouse effect. Every single day we lose 74,000 acres of tropical rainforest.

During this conference, which was attended by Senator Fairbairn and myself, conference delegates shared a sense of urgency about the global environmental crisis. Scientists were concerned about irreversible changes. We are losing ground on many fronts: deserts, forests, ozone layer, acidification, and man-made climate changes.

I was fortunate to be present at that historic conference. It is perhaps because of that experience that I am impatient with the lack of progress toward environmental protection and skeptical that politicians, who are, after all, entrusted to act in the public interest, do not yet understand and appreciate the urgency of the task.

The Speech from the Throne promises the strong support of the government for the key recommendation of the World Commission on Environment and Development—known as the Brundtland Report—for "sustainable development". That concept, which is gaining in adherents around the world, holds

that we should pursue only development that meets the needs of the present without sacrificing the ability of future generations to meet their own needs. It calls for a fundamental re-examination of the way we lead our lives, the way we do business, and the way we govern. Despite the good words of the throne speech, however, I must sadly conclude that we are a long way from understanding their meaning. Allow me briefly to examine key areas of economic activity for signs that they are "sustainable" within the Brundtland definition.

It has been nearly a year since the Conference on the Changing Atmosphere and yet no government has accepted the key recommendation, which was that carbon dioxide emissions be reduced by 20 per cent by the year 2005. This is an absolute minimum. Scientists present at the conference doubted that such a move would do more than slow the onset of global warming, but felt that, with the time borrowed by those reductions, humankind might be able to find alternatives for our energy needs. It was recommended that half of the reduction could be accomplished through energy conservation measures.

The Government of Canada deserves credit for having hosted and organized the conference. Environment Canada spent something in the order of \$1 million in that effort, yet no action has been taken and no commitments made by any country in the world to meet the target of a 20 per cent reduction in carbon dioxide emissions.

When speaking to the opening session of that conference the Prime Minister heralded a Canadian commitment to an environmentally sensitive energy strategy. However, announcements by the government of frontier oil and gas extraction and other mega projects, while at the same time the budget of the alternative energy section of the Department of Energy is cut, make it difficult to recognize that, within this country's energy policy, sufficient notice is being taken of the greenhouse effect or that our energy policy is sufficiently guided by environmental concerns.

While the words of the throne speech are welcome, unfortunately, no mention is made therein of the immediate need to reshape our energy policies. We must throw the weight of the government's technical, scientific and financial resources into aggressive conservation measures, the development of new alternative energy sources, and the increased commercial exploitation of existing alternatives such as photovoltaic cells to capture the sun's energy, small-scale hydro and wind power. Our transportation strategy needs to be overhauled. Subsidies to highways need to be rationalized and justified against the need to develop energy efficient mass transportation. We need to find the fiscal incentives to discourage the use of automobiles in urban areas. Far from accepting the notion that Canada in the year 2005 will have more automobiles than Canada in 1989, we should dedicate ourselves to reducing the number of cars and providing convenient mass transit, while increasing the efficiency of cars on the road.

The decision to reduce the subsidy to VIA Rail in the recent Budget I hope does not reflect a misunderstanding of the true costs of increasing reliance on the internal combustion engine

and highways as the main carriers of passengers and freight across Canada. That cost can be measured in increased emissions of carbon dioxide and nitrogen oxides, and the formation of photochemical smog, ground-level tropospheric ozone and other pollutants. The harvest of these emissions is global warming, flooded coastal regions, drier prairies, dust-bowls, increased damage to our forests and the loss of air quality, with its attendant hazards to human health.

● (1600)

Our energy strategies are not sustainable, but what of those industries that we intuitively regard as endlessly regenerative, our renewable resource—forestry, agriculture and fisheries? Are we currently practising sustainable development in these key areas of our economy?

Our agricultural policies have encouraged over-production and a monocultural mind-set on the prairies. Grain is grown on every available cultivable inch of land, while the price per bushel fluctuates and the debt load of farmers goes through the roof. The measures taken by the Prairie Farm Rehabilitation Administration after the dust-bowl days of the Depression—incentives to maintain hedgerows, to alternate crops, and to leave land fallow have been replaced with a subsidy program that encourages over-production, the exploitation of marginal lands, overuse of pesticides, erosion, and the loss of wetlands and wildlife habitat. The then Standing Senate Committee on Agriculture, Fisheries and Forestry in its 1984 report entitled "Soil at Risk: Canada's Eroding Future" estimated that soil degradation was costing Canadian farmers more than \$1 billion annually in farm income, as well as depleting the productive capability of our soil. Agriculture Canada estimates that annual on-farm soil degradation costs are about \$1.3 billion, and could exceed \$2 billion per year by the end of this century. Peter Fehr, head of soil conservation planning for the PFRA, said that a two-year-old study by the PFRA showed that as much as seven million acres in crop production on the prairies were marginal. This can be found in the *Western Producer* of April 6, 1989.

Half of Canada's endangered species are found in our prairies. Despite well-intentioned programs aimed at wildlife restoration, such as the North American Waterfowl Management Plan, restructuring the agricultural subsidy programs could accomplish more faster than using any other single lever available to government. At this point it is clear that our agricultural activities are not yet sustainable, even though laudable steps are being taken through soil and water accords now being negotiated between federal and provincial governments.

What of our forestry practices? As Canadians, we have seen ourselves as hewers of wood and drawers of water. We are keen to put that image behind us in a swirl of high technology. Yet forestry accounts for an annual contribution of \$37 billion and provides some 750,000 direct and indirect jobs. Forests have more than this impressive economic value. They are also an important part of any water and soil conservation strategy, as well as a contributor to global climate regulation through the absorption of carbon. The forests provide habitats for

wildlife and fish and are a source of recreation, both consumptive and nonconsumptive. All this is only possible by healthy and genetically diverse forests.

Given the enormous importance of the forests to Canada's environment and economy and the longstanding principle of sustained yield of our forests, here, at least, Canadians should be able to find an example of "sustainable development" at work. However, despite departments of forestry in every province and a new federal Ministry of State for Forestry, the resource is being seriously mismanaged. The current Minister of State for Forestry, the Honourable Frank Oberle, asked some years ago, "What would happen if Canadians realized their children would inherit an economy from which the chief engine had been removed by simple mismanagement?" In 1988, in his most recent report to Parliament, the Auditor General took aim at the federal subsidy program, pointing out that wood shortages were being reported in every province and that forest managers lacked the basic information—that is, up-to-date inventories from which annual allowable cut figures could be extracted. The reality is that we are cutting our forests faster than they can regenerate, and we are only replanting 20 per cent of the area harvested. Twenty per cent! I was amazed to see that figure. Significant areas of our forested land are now classified "NSR", or "not sufficiently restocked", and that area is growing by 200,000 hectares per year.

Far from enhancing the many benefits of a diverse forest ecosystem, modern forestry favours the creation of even-aged monocultures, maintained through the use of insecticides and herbicides and harvested through the ecologically devastating and wasteful practice of clear-cutting. This type of forestry reduces the likelihood of natural regeneration as huge tracts of landscape, reduced to moonscape, are not as readily naturally reseeded as are areas that have been selectively logged or strip-cut. Between 1976 and 1986 the area of forest clear-cut increased dramatically—from 571,210 hectares to 813,410 hectares.

In some ways we are inured to the damage that is being done to our forests by the historical fact that the European settlers have always logged. The reality is, however, that we are logging at an unprecedented rate, using new and intrusive technologies. We are logging the last and best of our forests as if there were no tomorrow. For instance, about 45 per cent of the wood now being cut in Canada comes from British Columbia. Much of that harvest is coming from the very last stands of so-called "old-growth forest"—trees that took between 300 and 800 years to grow. These trees have a huge economic value, as a single one of these last giants has more wood fibre than a dozen or more second-growth trees. These ancient forests are more than just future timber revenue. Many spokesmen look at them as just wood. They are the richest, most ecologically diverse ecosystem on this continent. They provide for salmon stocks, maintain healthy streams and watersheds and are habitats for eagles and grizzly bears. The temperate rain forests of British Columbia support a much larger biomass and hold more carbon out of the atmosphere

than their tropical cousins. In a real sense, old growth forests are non-renewable. They are part of our natural heritage. Unless one is prepared to wait another 800 years for that renewal, they do not grow back to their full and rich biological wealth.

The forest industry, however, acts as though the second-growth forest will be an adequate replacement for the ancient forest they are clear-cutting. In fact, this will lead to what foresters call the "fall-down effect". In other words, as the last old-growth forest is replaced with new growth, the volume per hectare at harvest will be drastically reduced. Think of it as dwarfs replacing giants, but taking up the same floor space. The projections for harvesting will have to be revised downward, hence the "fall-down effect". If current rates of clear-cutting of British Columbia's old-growth forests continue, all economic areas of the ancient forest will be gone within 17 years. Is this sustainable?

● (1610)

I do not want to leave the impression that over-cutting and poor forest management practices are restricted to British Columbia, although the descriptive phrase employed by former Minister of Trade, the Honourable Pat Carney, to describe her province's forests does come to mind. She called them "silvicultural slums". The problem of overcutting and not adequately restocking forest land is a problem in every province.

In my own province of Manitoba the provincial government has just happily announced a deal whereby a major pulp and paper company, Repap, will take over the ailing Manfor plant and receive cutting rights to one-fifth of the province. The company's plans include increasing the harvest of these lands threefold. Trees up north take about 115 years to grow to any size. And all this has been approved without any environmental assessment, before the deal is signed!

Moreover, as Manitoba's Environment Council recently pointed out, Manitoba does not have an adequate biological and ecological inventory of the northern part of the province. We are giving away the last great tracts of boreal forest at bargain-basement rates. We won't have another chance to preserve our forests. We won't have another opportunity to ensure that harvesting is sustainable. We need to decide how much of our forests should be left unspoiled—those crown lands that belong to the people. Or will our descendants know wilderness only through film and video? Are tourism and recreation less important and less valuable industries than forestry?

Of course, all of the above does not even begin to take into account the impacts on forestry of our other wasteful activities. The burning of coal, the use of automobiles and smelting all contribute to acid rain, which causes "maple die back" and other forms of forest decline. The greenhouse effect may hold the greatest threat to our forests by heating the climate and moving temperate zones further north. The climate will move far faster than soil and trees. The irony is that rapid deforestation will hasten the enormous disruption caused by global warming and will ultimately devastate the forest industry.

(Translation)

This overview only gives a glimpse of the crisis affecting Canada's forests, but it is sufficient to conclude that present practices can only lead us to disaster.

[English]

The fishery is another important area of economic activity which is allegedly maintained on a sustainable basis; yet fishermen on both coasts complain that the fish stocks are depleted. Off-shore trawlers are often blamed, but in-shore fishermen as well fear that the quotas may be too high. The reality is that, despite efforts of government scientists in the Department of Fisheries and Oceans, no one really knows where all the fish have gone; no one can yet assess the damage being done to the entire marine environment—from the largest mammals in the world, the whales, to the minute phytoplankton which supply the bulk of the earth's oxygen—as a result of toxic chemicals, sewage, pesticide run-off, oil spills and other man-made, suicidal pollution of the oceans.

I have already confessed to being impatient. I have children and young grandchildren, as do many of you, who will not forgive me for being less. The choices for our grandchildren, perhaps our children, for a good quality of life are being curtailed or foreclosed. However, I am also familiar with the ways of government and the exigencies of politics. I know that miracles do not happen overnight and that "sustainable development" is a goal that may never be reached unless we start now. Despite the pledges of the throne speech, we need more than words to begin the transition from shortsighted, short-term, profit-driven decision-making to that which takes the global, long-term view. We must seriously worry about a world in which there are more species of nuts and bolts than of birds.

I welcome the creation of the National Round Table on the Environment and hope that they will tackle the key areas of our economic activity and challenge fundamental assumptions about the way we do business. I urge all governments to move quickly in the direction of implementing the National Task Force Report—and Canada was first to implement the Brundtland report—which will make it possible for Canada to assume a world leadership role on sustainable development. It will mean tough decisions and it will not be easy.

This government has accepted the premise that environmental concerns must be central to all decision making—not marginalized or segmented. It has accepted the value that government must speak for the public interest in this area, but, until all the decisions of government are measured against the yardstick of their contribution to global survival, we must be impatient. It is the key ingredient to survival. When Prime Minister Brundtland was asked what was the most important word in the Report of the World Commission on Environment and Development, she answered, "Now." Just as one of the ancient prophets of my people said many thousands of years ago, "If not now, when?"

(Translation)

We must not only commit ourselves to protecting the environment, but also act without delay. The future of us all depends on it.

[English]

Our common future depends on it.

Hon. Senators: Hear, hear!

On motion of Senator Graham, debate adjourned.

PARAGUAY

REPORT ON ELECTION

Hon. B. Alasdair Graham rose pursuant to notice of earlier this day:

That he will call the attention of the Senate to the election in Paraguay earlier this week.

He said: I want to thank honourable senators for permitting me to make a few observations with respect to the election in Paraguay last Monday.

I returned today from that country where I was the co-leader of an observer delegation sponsored by the National Democratic Institute for International Affairs based in Washington, D.C. Its chairman is former Vice-President Walter Mondale and the president is J. Brian Atwood. In the past five years the institute has achieved a very commendable reputation for its role in the cause of human rights and in promoting freedom and democracy around the world.

The delegation included political party leaders, legislators and representatives of public policy institutes from Latin America, Europe, the United States and, of course, Canada. I should point out that the U.S. component of the delegation comprised both Republicans and Democrats.

I want to thank Senator McElman for his words of welcome back to this chamber. Some people have suggested that I am invited on these election-observer missions in other countries in the hope that some time I will get it right back home.

We observed the election in five different regions of Paraguay: the capital city of Asuncion, Concepcion, Ciudad del Este, Encarnacion, Villarica.

To say the least, it was an historic occasion. For the last 35 years Paraguay has lived under a brutal and repressive dictatorship, and in that time there was a very close interaction between the military and the ruling Colorado Party. General Andres Rodriguez became provisional President at the time of the military coup that ousted former President Stroessner on February 2 of this year. The three-month period since then did not provide the preconditions necessary for free and fair elections. The opposition parties faced the new circumstances without ever having had the opportunity or the experience of real participation in the past.

● (1620)

I should acknowledge that there have been some notable changes since the coup. One only has to recall that just three months ago Paraguay lived outside the community of democratic nations. It has since taken several significant, if tenta-

tive, steps towards meeting its international human rights obligations and ensuring respect for the rule of law.

Some of these steps were evident in the comparative openness of the campaign which preceded the election. We were told that persecutions of persons, and other serious human rights violations, diminished significantly during this time. Restrictions on the press were lifted and several newspapers, which had been shut down in the last few years, resumed publication. Political parties that existed underground were recognized.

Given these circumstances, the opposition parties, despite not having achieved their demands for changes in the electoral process, decided to participate in the elections and they hoped to use them as a vehicle for an ongoing democratic transition process.

The conduct of the elections was far from perfect. Our delegation observed many irregularities and instances where the election law was violated. In many cases there was clear evidence of an intent to commit fraud. Many of the irregularities were the result of an election law designed to ensure that the Colorado Party maintained power. Significant electoral reform is required, and it is hoped that these matters will be dealt with prior to the scheduling of any further elections, whether local or national.

As for the more serious election law violations, these related to the political culture in which undemocratic sectors of the Colorado Party dominated all aspects of Paraguayan society for many years. Changing this culture poses a major challenge for Paraguayans, both for those within the Colorado Party and for those who have challenged the Colorado Party's political domination over the years. It will require massive education for the citizens of Paraguay regarding the responsibilities and the rights of living in a democratic society.

In that respect, honourable senators, I would hope that Canada, which we often boast is the freest country in the world, along with the appropriate institutions within our country, would be prepared to lend a generous helping hand in the whole education process. It is also worthy of note that the National Democratic Institute for International Affairs has helped significantly in establishing in Paraguay a centre for democratic studies. Its good work is already evident in that country.

The election must be regarded not as an end but as a beginning in the effort to change the Paraguayan political culture. Indeed, our delegation observed many instances where representatives of different parties worked together in a spirit of cooperation. The government, which will be led by President Andres Rodriguez and dominated by members of the Colorado

Party, has committed itself to change. Only time will tell. As the old saying goes, the proof will be in the pudding.

The mandate given to President Rodriguez was in recognition of his commitment to this end. It was also a vote of hope that Paraguay's institutions and practices will be improved, strengthened and fortified. Specifically, commitments have been made by the President and other leading Colorado Party officials to reform the electoral law and the constitutional framework.

To accomplish the goal of creating a democratic Paraguay, changes should occur as a result of dialogue and negotiations between the various Paraguayan political sectors. Responsible political opposition, whether organized in parties or expressed in the media, should be encouraged.

True democracy requires the spirited and conflictive exchange of ideas and an unerring predisposition to compromise and to resolve all conflicts peacefully.

During my stay in Paraguay, both before and after the election, I met with the publisher of what was described as the newspaper with the largest circulation in the country. The paper was shut down by the government on March 22, 1983. It resumed publication on March 22 of this year, after press restrictions were lifted. Last weekend, before Monday's election, the publisher spoke with me about the enormous economic potential in the country. On Tuesday, on the way to his home for a visit, I asked him if he was pleased with the outcome and he replied, "It was better than I expected." I said, "Do you mean the results?" He said, "No. I was afraid that there was going to be widespread shooting and bloodshed, and there was none."

Having said that, I want to say that we were received with great courtesy by the Paraguayan people. I was encouraged by the number of young people, the new generation, who participated actively; but, really, it was the little people living well below the poverty level who greeted us with a smile and a warmth that made us feel very much at home.

Honourable senators, any conclusion about the significance of the May 1 elections will ultimately be based on where they lead. If the elections are to represent a serious move towards democracy, then reforms must begin immediately. It is hoped that the international community, including Canada, will continue to monitor future developments in Paraguay and will provide meaningful support for the emerging democratic institutions in that part of the world. However, in the final analysis, the future of democracy in Paraguay is obviously in the hands of the Paraguayan people themselves.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: If no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until Tuesday, May 9, 1989, at 2 p.m.

APPENDIX "A"

(See p. 136)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTH REPORT OF STANDING COMMITTEE

THURSDAY, May 4, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTH REPORT

Your Committee recommends the approval of the New Premium-sharing Arrangements for Senators' Group Surgical-Medical Insurance Plan (GSMIP), as described in the Appendix to this Report.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX

**SENATORS' GROUP SURGICAL-MEDICAL
INSURANCE PLAN (GSMIP)
LEVELS 2-3**

Background

The Senate and the House of Commons have been advised by Treasury Board (T.B.) that improvements to the Group Surgical-Medical Insurance Plan (GSMIP) are extended to both Houses of Parliament should Senators and Members of the House of Commons wish

to take advantage of these benefits. The House of Commons recently recommended to the Treasury Board that these improvements be extended to Members of the House of Commons.

Improvements

Treasury Board would pay 50% of the additional premium on behalf of Senators for coverage under levels 2 and 3 of the Optional Hospital Benefit portion of the GSMIP.

The following table indicates the monthly pro-rated costs to be borne by Treasury Board:

	Present Pro-rated Cost		Total Cost	Recommended Pro-rated Cost		Total Cost
	Sen.	T.B.		Sen.	T.B.	
Level 2: Single	\$1.85	\$0.40	\$2.25	\$1.12	\$1.13	\$2.25
Family	4.50	1.35	5.85	2.92	2.93	5.85
Level 3: Single	2.60	0.40	3.00	1.50	1.50	3.00
Family	6.45	1.35	7.80	3.90	3.90	7.80

The incremental annual costs to the Government for these improvements would be approximately \$2,000.

The effective date of these benefits will be communicated to Senators as soon as Treasury Board informs the Senate.

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Appendix “B”

Officers of the Senate

The Ministry

Senators

(Listed according to seniority, alphabetically and by provinces)

Committees of the Senate

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEachEN, P.C.

OFFICERS OF THE SENATE

CLERK OF THE SENATE AND CLERK OF THE PARLIAMENTS

GORDON L. BARNHART, M.A., P. MGR.

CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

LAW CLERK AND PARLIAMENTARY COUNSEL

R. L. DU PLESSIS, Q.C., B.A., LL.L.

GENTLEMAN USHER OF THE BLACK ROD

RENÉ GUTKNECHT, C.M.M., O.St.J., C.D.

THE MINISTRY

According to Precedence

May 4, 1989

The Right Hon. Martin Brian Mulroney	Prime Minister
The Right Hon. Charles Joseph Clark	Secretary of State for External Affairs
The Hon. John Carnell Crosbie	Minister for International Trade
The Hon. Donald Frank Mazankowski	Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture
The Hon. Elmer MacIntosh MacKay	Minister of Public Works and Minister for the purposes of the Atlantic Canada Opportunities Agency Act
The Hon. Arthur Jacob Epp	Minister of Energy, Mines and Resources
The Hon. Robert R. de Cotret	President of the Treasury Board
The Hon. Henry Perrin Beatty	Minister of National Health and Welfare
The Hon. Michael Holcombe Wilson	Minister of Finance
The Hon. Harvie Andre	Minister of Regional Industrial Expansion and Minister of State for Science and Technology
The Hon. Otto John Jelinek	Minister of National Revenue
The Hon. Thomas Edward Siddon	Minister of Fisheries and Oceans
The Hon. Charles James Mayer	Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds)
The Hon. William Hunter McKnight	Minister of National Defence
The Hon. Benoît Bouchard	Minister of Transport
The Hon. Marcel Masse	Minister of Communications
The Hon. Barbara Jean McDougall	Minister of Employment and Immigration
The Hon. Gerald Stairs Merrithew	Minister of Veterans Affairs
The Hon. Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Hon. Frank Oberle	Minister of State (Forestry)
The Hon. Lowell Murray	Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)
The Hon. Paul Wyatt Dick	Minister of Supply and Services
The Hon. Pierre H. Cadieux	Minister of Indian Affairs and Northern Development
The Hon. Jean J. Charest	Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) and Deputy Leader of the Government in the House of Commons
The Hon. Thomas Hockin	Minister of State (Small Businesses and Tourism)
The Hon. Monique Landry	Minister for External Relations
The Hon. Bernard Valcourt	Minister of Consumer and Corporate Affairs
The Hon. Gerry Weiner	Secretary of State of Canada and Minister of State (Multiculturalism and Citizenship)
The Hon. Douglas Grinslade Lewis	Minister of Justice and Attorney General of Canada and Leader of the Government in the House of Commons
The Hon. Pierre Blais	Solicitor General of Canada and Minister of State (Agriculture)
The Hon. Lucien Bouchard	Minister of the Environment
The Hon. John Horton McDermid	Minister of State (Privatization and Regulatory Affairs)
The Hon. Shirley Martin	Minister of State (Transport)
The Hon. Mary Collins	Associate Minister of National Defence
The Hon. Alan Redway	Minister of State (Housing)
The Hon. William Charles Winegard	Minister of State (Science and Technology)
The Hon. Kim Campbell	Minister of State (Indian Affairs and Northern Development)
The Hon. Jean Corbeil	Minister of Labour
The Hon. Gilles Loiselle	Minister of State (Finance)

SENATORS OF CANADA

ACCORDING TO SENIORITY

May 4, 1989

Senator	Designation	Post Office Address
THE HONOURABLE		
David A. Croll	Toronto-Spadina	Toronto, Ont.
Hartland de Montarville Molson	Alma	Montreal, Que.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Daniel Aiken Lang	South York	Toronto, Ont.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Toronto, Ont.
Hazen Robert Argue, P.C.	Regina	Kayville, Sask.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Herbert O. Sparrow	Saskatchewan	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
William John Petten	Bonavista	St. John's, Nfld.
Gildas L. Molgat	Ste. Rose	St. Vital, Man.
Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver, B.C.
Maurice Riel, P.C.	Shawinegan	Westmount, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Jack Austin, P.C.	Vancouver South	Vancouver, B.C.
Paul Lucier	Yukon	Whitehorse, Yukon.
David Gordon Stuart	Prince Albert-Duck Lake	Regina, Sask.
Pietro Rizzuto	Repentigny	Laval sur le Lac, Que.
Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
Horace Andrew Olson, P.C.	Alberta South	Iddesleigh, Alta.
Royce Frith	County Lanark	Perth, Ont.
Peter Bosa	York-Caboto	Etobicoke, Ont.
Duff Roblin, P.C.	Red River	Winnipeg, Man.
Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface, Man.
Stanley Haidasz, P.C.	Toronto-Parkdale	Toronto, Ont.
Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.
Dalia Wood	Montarville	Montreal, Que.

SENATORS—ACCORDING TO SENIORITY

v

Senator

Designation

Post Office Address

THE HONOURABLE

Fernand-E. Leblanc	Saurel	Montreal, Que.
Reginald James Balfour	Regina	Regina, Sask.
Lowell Murray, P.C.	Grenville-Carleton	Ottawa, Ont.
Martha P. Bielish	Lakeland	Warspite, Alta.
Guy Charbonneau (Speaker)	Kennebec	Montreal, Que.
Arthur Tremblay	The Laurentides	Quebec, Que.
C. William Doody	Harbour Main-Bell Island	St. John's, Nfld.
Heath Macquarrie	Hillsborough	Victoria, P.E.I.
Nathan Nurgitz	Winnipeg North	Winnipeg, Man.
Cyril B. Sherwood	Royal	Norton, N.B.
Peter Alan Stollery	Bloor and Yonge	Toronto, Ont.
Peter Michael Pitfield, P.C.	Ottawa-Vanier	Ottawa, Ont.
William McDonough Kelly	Port Severn	Mississauga, Ont.
Jacques Hébert	Wellington	Montreal, Que.
Leo E. Kolber	Victoria	Westmount, Qué.
Philippe Deane Gigantès	De Lorimier	Montreal, Qué.
John B. Stewart	Antigonish-Guysborough	Bayfield, N.S.
Michael Kirby	South Shore	Halifax, N.S.
Jerahmiel S. Grafstein	Metro Toronto	Toronto, Ont.
Anne C. Cools	Toronto Centre	Toronto, Ont.
Charlie Watt	Inkerman	Kuujuuaq, Qué.
Lorna Marsden	Toronto-Taddle Creek	Toronto, Ont.
Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Daniel Phillip Hays	Calgary	Calgary, Alta.
Joyce Fairbairn	Lethbridge	Lethbridge, Alta.
Colin Kenny	Rideau	Ottawa, Ont.
Pierre De Bané, P.C.	De la Vallière	Montreal, Que.
Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue, N.B.
Eymard Georges Corbin	Grand-Sault	Grand-Sault, N.B.
Thomas Henri Lefebvre	De Lanaudière	Davidson, Que.
Charles Robert Turner	London	London, Ont.
Finlay MacDonald	Halifax	Halifax, N.S.
Brenda Mary Robertson	Riverview	Shediac, N.B.
Efstathios William Barootes	Regina-Qu'Appelle	Regina, Sask.
Richard J. Doyle	North York	Toronto, Ont.
Paul David	Bedford	Montreal, Que.
Jean-Maurice Simard	Edmundston	Edmundston, N.B.
Michel Cogger	Lauzon	West Brome, Que.
Norman K. Atkins	Markham	Markham, Ont.
Ethel Cochrane	Newfoundland	Port au Port, Nfld.
Eileen Rossiter	Prince Edward Island	Charlottetown, P.E.I.
Mira Spivak	Manitoba	Winnipeg, Man.
Jean Bazin	De la Durantaye	Montreal, Que.
Gerald R. Ottenheimer	Waterford-Trinity	St. John's, Nfld.
Roch Bolduc	Golfe	Ste. Foy, Que.
Solange Chaput-Rolland	Mille Isles	Montreal, Que.
Jean-Marie Poitras	De Salaberry	Quebec, Que.
Gérald-A. Beaudoin	Rigaud	Hull, Que.

SENATORS OF CANADA

ALPHABETICAL LIST

May 4, 1989

Senator	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie.....	Northwest Territories.....	Rankin Inlet, N.W.T.
Anderson, Margaret Jean.....	Northumberland-Miramichi.....	Newcastle, N.B.
Argue, Hazen, P.C.....	Regina.....	Kayville, Sask.
Asselin, Martial, P.C.....	Stadacona.....	La Malbaie, Que.
Atkins, Norman K.....	Markham.....	Markham, Ont.
Austin, Jack, P.C.....	Vancouver South.....	Vancouver, B.C.
Balfour, Reginald James.....	Regina.....	Regina, Sask.
Barootes, Efsthathios William.....	Regina-Qu'Appelle.....	Regina, Sask.
Bazin, Jean.....	De la Durantaye.....	Montreal, Que.
Beaudoin, Gérald-A.....	Rigaud.....	Hull, Que.
Bélisle, Rhéal.....	Sudbury.....	Sudbury, Ont.
Bell, Ann Elizabeth.....	Nanaimo-Malaspina.....	Nanaimo, B.C.
Bielish, Martha P.....	Lakeland.....	Waspit, Alta.
Bolduc, Roch.....	Golfe.....	Ste. Foy, Que.
Bonnell, M. Lorne.....	Murray River.....	Murray River, P.E.I.
Bosa, Peter.....	York-Caboto.....	Etobicoke, Ont.
Buckwold, Sidney L.....	Saskatoon.....	Saskatoon, Sask.
Chaput-Rolland, Solange.....	Mille Isles.....	Montreal, Que.
Charbonneau, Guy (Speaker).....	Kennebec.....	Montreal, Que.
Cochrane, Ethel.....	Newfoundland.....	Port au Port, Nfld.
Cogger, Michel.....	Lauson.....	West Brome, Que.
Cools, Anne C.....	Toronto Centre.....	Toronto, Ont.
Corbin, Eymard Georges.....	Grand-Sault.....	Grand-Sault, N.B.
Croll, David A.....	Toronto-Spadina.....	Toronto, Ont.
Davey, Keith.....	York.....	Toronto, Ont.
David, Paul.....	Bedford.....	Montreal, Qué.
De Bané, Pierre, P.C.....	De la Vallière.....	Montreal, Que.
Denis, Azellus, P.C.....	La Salle.....	Montreal, Que.
Doody, C. William.....	Harbour Main-Bell Island.....	St. John's, Nfld.
Doyle, Richard J.....	North York.....	Toronto, Ont.
Everett, Douglas D.....	Fort Rouge.....	Winnipeg, Man.
Fairbairn, Joyce.....	Lethbridge.....	Lethbridge, Alta.
Flynn, Jacques, P.C.....	Rougemont.....	Quebec, Que.
Frith, Royce.....	County Lanark.....	Perth, Ont.
Gigantès, Philippe Deane.....	De Lorimier.....	Montreal, Qué.
Grafstein, Jerahmiel S.....	Metro Toronto.....	Toronto, Ont.
Graham, Bernard Alasdair.....	The Highlands.....	Sydney, N.S.
Guay, Joseph-Philippe, P.C.....	St. Boniface.....	St. Boniface, Man.
Haidasz, Stanley, P.C.....	Toronto-Parkdale.....	Toronto, Ont.
Hastings, Earl A.....	Palliser-Foothills.....	Calgary, Alta.
Hays, Daniel Phillip.....	Calgary.....	Calgary, Alta.
Hébert, Jacques.....	Wellington.....	Montreal, Que.
Hicks, Henry D.....	The Annapolis Valley.....	Halifax, N.S.
Kelly, William McDonough.....	Port Severn.....	Mississauga, Ont.
Kenny, Colin.....	Rideau.....	Ottawa, Ont.
Kirby, Michael.....	South Shore.....	Halifax, N.S.
Kolber, Leo E.....	Victoria.....	Westmount, Qué.
Lang, Daniel A.....	South York.....	Toronto, Ont.

SENATORS—ALPHABETICAL LIST

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Senator	Designation	Post Office Address
THE HONOURABLE		
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Idlesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Poitrass, Jean-Marie	De Salaberry	Quebec, Que.
Riel, Maurice, P.C.	Shawinigan	Westmount, Que.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Sherwood, Cyril B.	Royal	Norton, N.B.
Simard, Jean-Maurice	Edmundston	Edmundston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Stewart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujuuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.

SENATORS OF CANADA

BY PROVINCE

May 4, 1989

ONTARIO—24

Senator	Designation	Post Office Address
THE HONOURABLE		
1 David A. Croll.....	Toronto-Spadina.....	Toronto.
2 David James Walker, P.C.....	Toronto.....	Toronto.
3 Rhéal Bélisle.....	Sudbury.....	Sudbury.
4 Daniel Aiken Lang.....	South York.....	Toronto.
5 Douglas Keith Davey.....	York.....	Toronto.
6 Andrew Ernest Thompson.....	Dovercourt.....	Kendal.
7 Richard James Stanbury.....	York Centre.....	Toronto.
8 Joan Neiman.....	Peel.....	Caledon East.
9 Royce Frith.....	County Lanark.....	Perth.
10 Peter Bosa.....	York-Caboto.....	Etobicoke.
11 Stanley Haidasz, P.C.....	Toronto-Parkdale.....	Toronto.
12 Lowell Murray, P.C.....	Grenville-Carleton.....	Ottawa.
13 Peter Alan Stollery.....	Bloor and Yonge.....	Toronto.
14 Peter Michael Pitfield, P.C.....	Ottawa-Vanier.....	Ottawa.
15 William McDonough Kelly.....	Port Severn.....	Mississauga.
16 Jerahmiel S. Grafstein.....	Metro Toronto.....	Toronto.
17 Anne C. Cools.....	Toronto Centre.....	Toronto.
18 Lorna Marsden.....	Toronto-Taddle Creek.....	Toronto.
19 Colin Kenny.....	Rideau.....	Ottawa.
20 Charles Robert Turner.....	London.....	London.
21 Richard J. Doyle.....	North York.....	Toronto.
22 Norman K. Atkins.....	Markham.....	Markham.
23 .....	.....	.....
24 .....	.....	.....

QUEBEC—24

Senator	Electoral Division	Post Office Address
THE HONOURABLE		
1 Hartland de Montarville Molson.....	Alma	Montreal.
2 Jacques Flynn, P.C.	Rougemont	Quebec.
3 Azellus Denis, P.C.	La Salle	Montreal.
4 Martial Asselin, P.C.	Stadacona	La Malbaie.
5 Maurice Riel, P.C.	Shawinigan	Westmount.
6 Pietro Rizzuto	Repentigny	Laval sur le Lac.
7 Dalia Wood	Montarville	Montreal.
8 Fernand-E. Leblanc	Saurel	Montreal.
9 Guy Charbonneau (Speaker)	Kennebec	Montreal.
10 Arthur Tremblay	The Laurentides	Quebec.
11 Jacques Hébert	Wellington	Montreal.
12 Leo E. Kolber	Victoria	Westmount.
13 Philippe Deane Gigantès	De Lorimier	Montreal.
14 Charlie Watt	Inkerman	Kuujuaq.
15 Pierre De Bané, P.C.	De la Vallière	Montreal.
16 Thomas Henri Lefebvre	De Lanaudière	Davidson.
17 Paul David	Bedford	Montreal.
18 Michel Cogger	Lauzon	West Brome.
19 Jean Bazin	De la Durantaye	Montreal.
20 Roch Bolduc	Golfe	Ste. Foy.
21 Solange Chaput-Rolland	Mille Isles	Montreal.
22 Jean-Marie Poitras	De Salaberry	Quebec.
23 Gérald-A. Beaudoin	Rigaud	Hull.
24 .....	.....	.....

SENATORS BY PROVINCE—MARITIME DIVISION

NOVA SCOTIA—10

Senator	Designation	Post Office Address
THE HONOURABLE		
1 John Michael Macdonald.....	Cape Breton	North Sydney.
2 Henry D. Hicks	The Annapolis Valley.....	Halifax.
3 Bernard Alasdair Graham	The Highlands	Sydney.
4 Robert Muir	Cape Breton-The Sydneys	Sydney Mines.
5 John B. Stewart.....	Antigonish-Guysborough.....	Bayfield.
6 Michael Kirby	South Shore	Halifax.
7 Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh.
8 Finlay MacDonald	Halifax.....	Halifax.
9 .....	.....	.....
10 .....	.....	.....

NEW BRUNSWICK—10

THE HONOURABLE		
1 Charles Robert McElman	Nashwaak Valley.....	Fredericton.
2 Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Saint Antoine.
3 Margaret Jean Anderson.....	Northumberland-Miramichi	Newcastle.
4 L. Norbert Thériault	Baie du Vin	Baie Ste-Anne.
5 Cyril B. Sherwood.....	Royal	Norton.
6 Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue.
7 Eymard Georges Corbin.....	Grand-Sault	Grand-Sault.
8 Brenda Mary Robertson.....	Riverview	Shediac.
9 Jean-Maurice Simard	Edmundston	Edmundston.
10 .....	.....	.....

PRINCE EDWARD ISLAND—4

THE HONOURABLE		
1 Orville Howard Phillips.....	Prince.....	Alberton.
2 Mark Lorne Bonnell	Murray River	Murray River.
3 Heath Macquarrie	Hillsborough	Victoria.
4 Eileen Rossiter	Prince Edward Island.....	Charlottetown.

MANITOBA—6

Senator	Designation	Post Office Address
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THE HONOURABLE

1 Douglas Donald Everett	Fort Rouge	Winnipeg.
2 Gildas L. Molgat	Ste. Rose	St. Vital.
3 Duff Roblin, P.C.	Red River	Winnipeg.
4 Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface.
5 Nathan Nurgitz	Winnipeg North	Winnipeg.
6 Mira Spivak	Manitoba	Winnipeg.

BRITISH COLUMBIA—6

THE HONOURABLE

1 Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2 Edward M. Lawson	Vancouver	Vancouver.
3 George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4 Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
5 Jack Austin, P.C.	Vancouver South	Vancouver.
6 Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops.

SASKATCHEWAN—6

THE HONOURABLE

1 Hazen Robert Argue, P.C.	Regina	Kayville.
2 Herbert O. Sparrow	Saskatchewan	North Battleford.
3 Sidney L. Buckwold	Saskatoon	Saskatoon.
4 David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5 Reginald James Balfour	Regina	Regina.
6 Efsthios William Barootes	Regina-Qu'Appelle	Regina.

ALBERTA—6

THE HONOURABLE

1 Earl Adam Hastings	Palliser-Foothills	Calgary.
2 Horace Andrew Olson, P.C.	Alberta South	Idlesleigh.
3 Martha P. Bielish	Lakeland	Warspite.
4 Daniel Phillip Hays	Calgary	Calgary.
5 Joyce Fairbairn	Lethbridge	Lethbridge.
6 .....	.....	.....

SENATORS BY PROVINCE

NEWFOUNDLAND—6

Senator	Designation	Post Office Address
THE HONOURABLE		
1 William John Petten	Bonavista	St. John's.
2 Philip Derek Lewis	St. John's	St. John's.
3 Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook.
4 C. William Doody	Harbour Main-Bell Island	St. John's.
5 Ethel Cochrane	Newfoundland	Port au Port.
6 Gerald R. Ottenheimer	Waterford-Trinity	St. John's.

NORTHWEST TERRITORIES—1

THE HONOURABLE		
1 Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

THE HONOURABLE		
1 Paul Lucier	Yukon	Whitehorse.

ALPHABETICAL LIST OF STANDING, SPECIAL AND JOINT COMMITTEES

(As of May 4, 1989)

**Ex Officio Member*

COMMITTEE OF SELECTION

Chairman: Hon. Senator Phillips
and Hon. Senators

Corbin, Denis, Doody, Frith,	Lewis, Macdonald (Cape Breton), *MacEachen (or Frith),	*Murray (or Doody),	Nurgitz, Petten.
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FOREIGN AFFAIRS

Chairman: Hon. Senator Stewart
(Antigonish-Guysborough)
and Hon. Senators

Deputy Chairman: Hon. Senator Bazin

Asselin, Bolduc, Bosa, Fairbairn,	Frith, Gigantès, Grafstein,	LeBlanc (Beauséjour), *MacEachen (or Frith),	*Murray (or Doody), Ottenheimer, Roblin.
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INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

Chairman: Hon. Senator LeBlanc (Beauséjour)
and Hon. Senators

Deputy Chairman: Hon. Senator Frith

Barootes, Bolduc, Corbin, Guay, Kenny,	Lefebvre, Lewis, *MacEachen (or Frith), Marchand,	McElman, *Murray (or Doody), Nurgitz,	Phillips, Robertson, Rossiter, Wood.
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SPECIAL COMMITTEE ON NATIONAL DEFENCE

Chairman: Hon. Senator Hicks
and Hon. Senators

Deputy Chairman: Hon. Senator Marshall

Balfour, Bonnell, Buckwold, Doyle,	Gigantès, Lewis, *MacEachen (or Frith),	McElman, Molgat, Molson,	*Murray (or Doody), Roblin.
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NATIONAL FINANCE

Chairman: Hon. Senator Leblanc (Saurel)
and Hon. Senators

Deputy Chairman: Hon. Senator Bolduc

Atkins, Balfour, Bosa, Cogger,	Cools, Davey, Kirby, Marsden,	*MacEachen (or Frith), *Murray (or Doody),	Simard, Stewart (Antigonish-Guysborough).
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**Senator Lowell Murray, P.C., and Senator Allan J. MacEachen, P.C.—Ex Officio Members of all Standing Committees of the Senate*

THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(2nd Session, 34th Parliament)
Thursday, 4th May, 1989

GOVERNMENT BILLS
(HOUSE OF COMMONS)

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)
First reading, May 4, 1989.

GOVERNMENT BILLS
(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, MAY 9, 1989

**NATIONAL DEFENCE
(Special)**

356-S7:00 p.m.

Consideration of Canada's land forces

THURSDAY, MAY 11, 1989

NATIONAL FINANCE

256-S11:00 a.m.

The examination of the Main Estimates laid before Parliament for the fiscal year ending March 31, 1990

**INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION**

(In Camera)

356-S9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA



Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 11

OFFICIAL REPORT
(HANSARD)

Tuesday, May 9, 1989

THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

CONTENTS

(Daily index of proceedings appears at back of this issue.)

OFFICIAL REPORT

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, may I have your indulgence to draw your attention to a correction that must be made to *Hansard* for Thursday, May 4, 1989. In the course of Oral Question Period, at page 145, I am quoted as having said:

Yes, I have. The federal government has not committed itself to an elected Senate.

That should read:

The federal government has now committed itself to an elected Senate.

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, May 9, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

[Translation]

APPROPRIATION BILL NO. 1, 1989-90

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

Bill read the first time.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this Bill be read the second time?

On motion of Senator Phillips, with leave of the Senate and notwithstanding Rule 44(1)f), Bill placed on the Orders of the Day for second reading later this day.

CONSTITUTIONAL ACCORD, 1987

REPORT OF SPECIAL JOINT COMMITTEE TABLED

Hon. Arthur Tremblay: Honourable senators, pursuant to Rule 84, I have the honour to table the report respecting expenses incurred by the Special Joint Committee of the Senate and the House of Commons on the 1987 Constitutional Accord during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[English]

FISHERIES

ATLANTIC PROVINCES—ADVERSE EFFECTS OF OFFSHORE OIL AND GAS DEVELOPMENT—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, May 11, 1989, I will call the attention of the Senate to the subject of oil versus fish, indicating the possible adverse effects of offshore oil and gas development on the east coast fishery and Atlantic marine habitat.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—
AVAILABILITY OF PAYMENTS

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on April 4, 1989, by the Honourable Gildas L. Molgat regarding Agriculture—Western Canada—Drought Relief Program—Availability of Payments.

(The answer follows:)

Every effort is being made to deliver assistance under the Canada Crop Drought Assistance Program (CCDAP) in the fastest and most equitable manner possible.

Interim payments under the CCDAP started going out to producers on March 28, 1989, which is approximately the same time frame as the interim payments made last year under the Special Canadian Grains Program (SCGP).

As of May 7, 1989, a total of 50,988 interim cheques have been mailed. CCDAP administration will continue making interim payments as long as this does not interfere with delivery of final payment.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—
CLASSIFICATION OF ZONES

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on April 4, 1989, by the Honourable H.A. Olson regarding Agriculture—Western Canada—Drought Relief Program—Classification of Zones.

(The answer follows:)

Drought zones under the Canadian Crop Drought Assistance Program (CCDAP) were designated based on preliminary yield loss data since final 1988 yield data will not be available from the provincial crop insurance agencies until late May 1989.

In the absence of final data, this approach provided the only method of making interim payments to as many producers as possible before spring seeding. When the final data does become available, all townships will be reassessed according to actual yield loss figures.

Because final payments will be township-specific, the three drought zones used for interim assistance will no

longer be relevant. Final payments will be appropriate to the level of yield loss experienced in each township and will be adjusted to reflect funds already provided by the interim payments. It should also be pointed out that final payments will be crop-specific as well. This will ensure an even more equitable and accurate method of payment calculation for all affected producers.

Producers with questions about any aspect of the CCDAP should call the toll-free information line at 1-800-267-6343. The capacity of the toll-free lines has been doubled to ensure that producer inquiries are handled promptly.

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—GATT
NEGOTIATIONS—INTERNATIONAL GRAIN SUBSIDIES—REQUEST
FOR PROGRESS REPORT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 2, 1989, by the Honourable H.A. Olson regarding Agriculture—Grain—Initial Price for 1989-90 Crop Year—GATT Negotiations—International Grain Subsidies—Request for Progress Report.

(The answer follows:)

The Minister of State (Grains and Oilseeds) announced the 1989-90 initial payments for Canadian Wheat Board (CWB) grains on April 26. Although the payments for the coming crop year are down from the current 1988-89 initial payments, they are higher than the initial payments set April 1988 for the current crop year. The attached sheet shows the initial payments for each of the CWB's pool accounts for the coming year compared to levels originally set for 1988-89 and the levels to which 1988-89 initial payments were subsequently increased.

The initial payments set for the coming crop year reflect current expectations. The world grain market situation is currently very volatile. Because of the 1988 drought, production dropped and world supplies decreased leading to the higher 1988-89 prices. The international Wheat Council is currently forecasting a world wheat crop of 538 million tonnes, which would be in approximate balance with expected demand. Farmers in both the United States and in Canada have indicated that they intend to seed greater areas to coarse grains and to durum wheat. Normal crops would increase world supplies and could lead to some decline in prices in the coming year.

The government will be monitoring the market situation closely throughout the growing season and will increase initial payments if warranted by the market situation.

I should also like to table a copy of the Canadian Wheat Board's current issue of *Grain Matters*, which includes a detailed review of the market factors affecting prices for wheat, durum, and barley. The comments

underscore the uncertainty and volatility that characterize the world grain market at the present time.

Initial payments for the 1989-90 crop year will be lower than current levels but are higher than those prices originally set for 1988-89. Initial payments for wheat and durum for the 1988-89 crop year were increased twice to reflect changes in world markets and initial payments for barley were increased once.

Pool account	1988-89 Announced Apr/88	1988-89 Increased Jul/88	1988-89 Adjusted Nov/88 Mar/89	1989-90 Coming Crop Year
\$ per tonne (\$ per bushel)				
Wheat	120 (3.27)	150 (4.08)	170 (4.63)	155 (4.22)
Durum	125 (3.40)	175 (4.76)	190 (5.17)	150 (4.08)
Wheat				
Barley	65 (1.42)	120 (2.61)		85 (1.85)
Designated				
Barley*	125 (2.72)	180 (3.92)		115 (2.50)

*The CWB has changed the base grade for designated barley for the 1989-90 crop year from Special Select Canada Western Six-Row Barley to Special Select Canada Western Two-Row Barley. The current 1988-89 initial payment for Special Select Canada Western Two-Row Barley is \$190 per tonne.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—
GOVERNMENT COMMITMENT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised in the Senate on May 2, 1989, by the Honourable Hazen Argue regarding Agriculture—Western Canada—Drought Relief Program—Government Commitment.

(The answer follows:)

Funding for the Canadian Crop Drought Assistance Program (CCDAP) has not been changed in any way as a result of the budget. The participating provinces have been informed that they are expected to contribute their 50 per cent of the program and cost-sharing negotiations are still ongoing.

The Treasury Board has approved a 1988-89 Supplementary Estimate for \$30 million and a 1989-90 Supplementary Estimate for \$395 million, for a total of \$425 million.

[Translation]

APPROPRIATION BILL NO. 1, 1989-90

SECOND READING

Hon. Jean-Maurice Simard moved the second reading of Bill C-14, for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1989.

He said: This bill provides for the interim sums required at the beginning of the financial year. The Estimates for 1989-90 have been tabled in the Senate on May 2, 1989 and immediately referred to the Senate Standing Committee on National Finance.

[English]

This Appropriation Act contains thirty-three billion, one hundred and nineteen million, eight hundred and twenty thousand and twenty dollars of "voted" items which are needed to meet government interim expenditure requirements while the Main Estimates are being reviewed by the various committees. A second Appropriation Act will be tabled in October 1989 to secure release of the balance of the estimates.

Honourable senators, this bill contains a general proportion of nine-twelfths of all votes, plus additional proportions for some 26 votes. The additional proportions are required mainly to meet payments of a seasonal nature in some programs, to meet payments in accordance with certain agreements, and the need in other instances to make major payments before the end of October.

Senator Frith: Excuse me, was it nine-twelfths?

Senator Simard: Nine-twelfths, yes, Senator Frith.

I should also point out that, as usual, in no case is Parliament being asked to pass the entire amount of a vote.

[Translation]

Therefore, Honourable Senators, I am entirely at your disposal should you require further explanations.

[English]

Hon. John B. Stewart: Honourable senators, by this bill the government asks the Senate to agree to the appropriation of supply for nine months. The next appropriation bill, presumably, will not need to be enacted until January 1, 1990. As far as we now know, this bill, C-14, will be the only appropriation bill to pass Parliament for a period of a year and a half, from June 1988 to December 1989.

This is not a normal interim supply bill. We are being asked to agree quickly to three-quarters—indeed, more than three-quarters—of the total supply for the entire year 1989-90, as set forth in the Main Estimates, even though those Main Estimates were presented to Parliament only a few days ago. They were presented in the House of Commons on Friday, April 28. They came to us last Tuesday, one week ago today. I have not yet received a copy of Bill C-14, although I am now speaking on a motion that the bill be now read the second time. The size of the advance sought for unexamined expenditure proposals is staggering. Three-quarters of the total, on my amateurish calculation—I have not seen the bill—is some \$33 billion.

But there is a far more important reason why Bill C-14 deserves attention. Honourable senators, by voting for the passage of this bill you will be giving statutory confirmation to the way in which the government has used Governor General's special warrants this year. What the government has done is unprecedented. By voting for this bill you will be giving

[Senator Simard]

statutory approval of a totally new interpretation of section 30 of the Financial Administration Act; indeed, you will be voting for a major constitutional change. This afternoon I hope to persuade you that Governor General's special warrants were used improperly in January, in February, in March and again in April. I hope to be able to convince you that you ought not to place your imprimatur on this new way of appropriating money for ordinary purposes when it can be appropriated by Parliament. This matter was raised last Wednesday and Thursday in the Standing Senate Committee on National Finance, to which the Main Estimates were referred immediately. As a result, the points on which there is agreement and the points on which there is disagreement are already fairly well known.

• (1410)

There is no disagreement about the facts. The first session of the new Parliament began on December 12, 1988. On December 16 the government presented Supplementary Estimates (B) to the House of Commons, thus revealing that even then it knew that there was a need for additional supply. The government's need for additional supply, in other words, was not unforeseen.

On December 30, on government motion, the House of Commons adjourned until March 6, even though the government had made no effort to have Supplementary Estimates (B) approved by the House of Commons. The Senate also adjourned on that day. As honourable senators know, we cannot deal with appropriation bills until they have passed the House of Commons. To meet its foreseen requirements, the government first exhausted Treasury Board Vote 5, the contingency vote. Having exhausted that vote, the government began to use Governor General's special warrants. It did this for the first time on January 19, 1989. It followed that precedent on February 16. Then, on February 28, the Prime Minister had the first session of this Parliament prorogued.

On March 23 the government, now having got into the habit, used a third special warrant to obtain money to finish the fiscal year ending March 31, 1989. On Saturday, April 1, it used a fourth special warrant. On that day it took over \$6 billion to replace half the interim supply normally voted—not half the enormous interim supply that is being sought here today but half the interim supply that normally is voted by Parliament for the first three months of a new fiscal year. We know that the second session of this Parliament began two days later, on Monday, April 3. As I have said, honourable senators, there is no disagreement about these facts. The disagreement is about the law. Indeed, it is about the Constitution.

In committee I explained to the President of the Treasury Board why I believe that section 30 of the Financial Administration Act, which provides for Governor General's special warrants, has been abused. My argument was that section 30 of that act is there to enable a government to deal with major requirements that cannot be foreseen; in other words, to deal with what I shall call emergency situations—situations which in the nature of things could not be predicted with assurance.

My argument was that section 30 may be used, and has indeed been used, in only two situations. The first of these is a major, unforeseen requirement of a kind not provided for by Treasury Board Vote 5, the so-called "contingency vote". In other words, section 30 of the Financial Administration Act is not simply a larger version of Treasury Board Vote 5; the purpose of the payment must be different, because Parliament itself has specified the total that may be spent for contingencies. Alternatively, section 30 may be used to make an ordinary government payment—civil service salaries, for example—in the period following a dissolution of Parliament.

Neither of those situations—neither a great emergency situation nor what I call an electoral emergency—prevailed in the first four months of this year.

All Canadians know that responsible government means that the government is responsible to Parliament. Ultimately, responsible government is kept alive—it is prevented from becoming merely a textbook truth—by the government's need to come to Parliament regularly for money. Parliament, not the servants of the Crown, controls the purse. A wise Parliament appropriates money for only narrowly specified purposes and short periods. That basic constitutional principle has been set forth as statute law in section 26 of the Financial Administration Act, which says:

Subject to the Constitution Acts, 1867 to 1982, no payments shall be made out the Consolidated Revenue Fund without the authority of Parliament.

It seems obvious that Parliament intended that, when possible, a government is to obtain the authority of Parliament by appropriation acts or appropriation clauses.

The words of Treasury Board Vote 5 show that this is true. Vote 5 reads:

Government Contingencies—Subject to the approval of the Treasury Board, to supplement other votes for payroll and other requirements and to provide for miscellaneous minor and unforeseen expenses not otherwise provided for including awards under the Public Servants Inventions Act and authority to re-use any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations . . .

The amount provided by Vote 5 in 1988-89 was \$360 million. Aside from certain payroll requirements, notice that this is for "miscellaneous minor and unforeseen expenses." That is the contingency vote. The implication clearly is that other such matters ought to be dealt with in an appropriation act.

Last December the government demonstrated that it was fully aware of this principle. Foreseeing certain new expenditure requirements, the government came to Parliament in the constitutional way. It presented Supplementary Estimates (B), but for some reason that so far remains undisclosed—I suggested convenience, but the President of the Treasury Board rejected that word out of hand, the government turned away from Parliament.

On December 28 the government adjourned the House of Commons to March 6, 1989, even though the supply request then before the House had not been dealt with.

On February 28, 1989, the government prorogued Parliament. Although Parliament was available to deal with supply business—indeed, some members of the House of Commons and senators already had made their arrangements to be here on March 6—the government decided that it could get along without Parliament. Therefore, it dispensed with Parliament. Parliament was expendable as far as supply was concerned. The government had decided that it, not Parliament, had control of the purse.

How did the government obtain the money it wanted to spend? As I have said, it exhausted the money available in Treasury Board Vote 5. Having exhausted that vote, it began to use the warrants. Honourable senators, I should like to put before you the words of subsection 30(1) of the Financial Administration Act. This is the subsection that provides for Governor General's special warrants:

Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

● (1420)

That is the key subsection.

Subsection 30(2) provides that a special warrant is an appropriation for the fiscal year in which the warrant was issued. Subsection 30(3) provides for publication. Subsection 30(4) provides—note this—that the amounts taken by special warrants are to be deemed to be included in the next Appropriation Act. In other words, the amounts taken by special warrants in January, February, March and April are deemed to be included in the amounts set forth in Bill C-14. Thus the propriety of those special warrants is now before this house. If there is any question as to whether they are before the house, it might be instructive to notice what the Speaker of the House of Commons said on May 4, at page 1325 of *Hansard*. Two members of the House of Commons had raised a point of order about the proceedings in the other place, and the Speaker said:

There is a Bill which will be voted on tonight at 5.45 p.m. which, among other things, in Clause 3, and I am reading from the note in the margin, refers to the confirmation of payment under special warrants for the fiscal year 1988-89.

The bill to which the Speaker referred is Bill C-14, the bill now before this house. We are being asked to confirm what was done in the first four months of this year.

I shall also read the next subsection of section 30, because it will be clear that it is central to the interpretation that is being put on the entire section by the Treasury Board. This subsection was added to the Financial Administration Act in 1951. It reads:

For the purposes of this section, Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

Honourable senators, the purpose of section 30, the whole section, is to enable a government to act appropriately in situations where unprovided expenditures are required and in which the need for effective action is so urgent that the public good will suffer if such action is not taken before Parliament itself can meet to authorize the payment.

It is evident that special warrants are not to be used to make the kinds of payments for which Parliament itself has provided in Treasury Board Vote 5. For those contingency payments, Parliament itself has defined—that is limited—both the purposes and the amounts.

I put those views before the Standing Senate Committee on National Finance, namely, that the Governor General's special warrants are not to be used for ordinary purposes, for example, to pay civil servants' salaries in ordinary times. That view was rejected emphatically by the Treasury Board. The president of the board told the committee, in effect—and almost in so many words—that provided a government does not keep Parliament in session, or bring it into session, the government may withdraw money from the Consolidated Revenue Fund for any purpose that would be eligible for inclusion in the Estimates, if indeed there were to be Estimates.

Senator Simard: Urgent for the public good, he said.

Senator Stewart: Yes, urgent for the public good, and according to you only the Governor in Council decides that; not Parliament, even when Parliament could do so. I pointed out to the minister that if it is legal to use Governor General's special warrants for ordinary purposes in ordinary times, it must follow that there is no need for a government to meet Parliament from one end of the year to another in order to obtain supply. There is, of course, a constitutional requirement for one sitting every year.

I told the President of the Treasury Board that it seemed to me that he was telling us that, so far as supply was concerned, a government could get along without Parliament indefinitely. I asked him the following, and I quote:

Is there any reason on the supply side that it—
meaning the government—
—could not proceed in this way?

The president then replied:

First of all, if there were a government that had to sit, as you say, one day and immediately prorogued, then the law would entitle that government probably to do it.

[Senator Stewart.]

I then asked if he meant that it would be legitimate and constitutional for a government to proceed in that way, and this is what he said:

I presume it would be legal.

Those are the words of the President of the Treasury Board.

Honourable senators, earlier that day Senator Cools had asked Mr. de Cotret to tell the committee:

... if there are any limits on the amount of money for which special warrants can be used, or can I assume that special warrants can be used for the extent of the Treasury?

Mr. de Cotret answered:

To the best of my knowledge, there is no absolute limit, but they have to be amounts required for the orderly conduct of government business.

Some of the members of the committee were, to put it mildly, astonished by the Treasury Board's interpretation of section 30. In an effort to discover if the board really meant what it was telling the committee, senators asked about some of the payments that had been made this year by special warrants. For example, the minister was asked if the payments for the new Canadian Heraldic Authority satisfied the provision of section 30 that to qualify for payment by a special warrant signed by the Governor General's own hand a payment must be "urgently required for the public good." The answer was in the affirmative.

The minister was asked if a payment had been made under a special warrant for the survey of the shrubs at 24 Sussex Drive. The answer was affirmative. We were told that the need for that payment was such as to qualify the payment for inclusion as a payment "urgently required for the public good."

Senator Stewart: Even the Prime Minister said it was stupid.

Senator Stewart: Yes, that, honourable senators will remember, is a survey described by no less a person than the Prime Minister as stupid.

Senator Frith: Stupidity can sometimes be urgently required.

An Hon. Senator: Is that why there is so much of it around?

Senator Stewart: I thought we had ample supply. That survey, as I say, is the survey which the Minister of Finance said had been stopped. Nevertheless, the payment was made.

Then there was a question about the money for the Canadian Centre for Management Development. As honourable senators will remember, Bill C-148, which was before this house in the last session of the last Parliament, was a bill to establish that centre. That bill did not receive Royal Assent. It did not pass the Senate. Yet the centre was established by Order in Council. A payment on behalf of the centre, we were told, qualified as "urgently required for the public good", even though Parliament itself, when asked directly for authority to create the centre, did not give that authority. Today, honourable senators, we are being asked to agree that not only was it proper to create this centre, although Bill C-148 did not pass,

but that payments on behalf of the centre were "urgently required for the public good."

● (1430)

As honourable senators will see when they read the record of last Thursday's meeting of the National Finance Committee, what is notable about the responses then given is that those responses seem to be defending against a charge that these particular payments were improper by reason of being foolish, by reason of being extravagant, or by reason of being outlandish. No such charge was made by any member of the committee, at least, not at the meeting last Wednesday. Perhaps others had made that charge, but no member of the committee had made that charge in the committee.

The reason for questioning these particular payments was not to criticize their purpose, but was to discover the Treasury Board's interpretation of the words, "the payment is urgently required for the public good." The board found that all these payments, and others, were "urgently required for the public good." For example, in the case of the Canadian Heraldic Authority, I asked Mr. de Cotret if the urgency was sufficient to satisfy the test of section 30(1). I said, "Does that satisfy the test, as you interpret the test?" Mr. de Cotret replied, "That is correct." Then, for greater certainty, I said, hardly believing my ears, "In other words, that is a reasonable example of your interpretation of the test of urgency for the public good?" The Secretary of the Treasury Board replied, "Yes, senator, as is provided for in the Financial Administration Act."

The reason we raised the matter of these particular payments in the committee was to discover if they had been included by inadvertence or if, alternatively, the board sees them as examples of the kinds of payments contemplated by Parliament when Parliament made provision for special warrants. The board was candid and direct. We cannot fault them on that score. In the considered opinion of the board, payments such as these are what Parliament had in mind. The harm to the public good if these payments were not made at once would be so great that they could not await the attention of Parliament.

Senator Steuart: Brian has got to wave his little flag!

Senator Murray: We have to pay the bills, you know!

Senator Frith: They are waking up a bit. You're getting through, I see.

Senator Murray: We have to pay our bills.

Senator Frith: You have got them upset! They are at least listening!

Senator Stewart: I think the board is wrong. I ask all honourable senators, do you think that section 30 authorizes the government to make ordinary payments by special warrants, provided only that Parliament is not in session? The board was invited to cite the precedents on which it relies. It did not cite a single, relevant precedent to support its interpretation. I assume that the board had done its homework and I

am not surprised that it was unable to find a single relevant precedent.

Honourable senators, these special warrants are a relic from colonial days. In those days the government at London authorized the colonial governors to use special warrants to have resort to colonial revenues. This authority enabled the governor to do "the right thing" when a colonial legislature either could not vote money or, being obstreperous, would not vote money. The special warrant was a device intended to prevent the governor from being responsible to the colonial legislature, to the ancestors of this Parliament, and to keep him responsible to his masters in London. He was accountable to London for the money he took from the colonial revenues by special warrants.

Then, when we come down to 1867, the Parliament of the new dominion made provision for special warrants. Senator Simard trembles at the thought that this great tie to our glorious colonial past should be severed.

Some Hon. Senators: Oh, oh!

Senator Stewart: In 1867 the Parliament of the new dominion enacted the following:

If when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other occasion arises when any expenditure not foreseen or provided for by Parliament is urgently and immediately required for the public good, then upon the Report of the Minister of Finance that there is no parliamentary provision, and of the Minister having charge of the particular service in question, that the necessity is urgent, the Governor in Council may order a special warrant be prepared, to be signed by the Governor himself for the issue of the amount estimated to be required . . .

Senator Frith: Shrubs for the governor's mansion!

Senator Stewart: I am sure that even in 1867 a special warrant would never have been used for so trivial a purpose.

Clearly, Parliament, which was then in session only about three months a year, was making provision for urgent payments required by reason of real emergencies.

Senator Barootes: Oh, for the good old days!

Senator Stewart: A real emergency could be a public building burning, a wharf in Nova Scotia collapsing, or the Fenians coming a-raiding. That is no joke. One of the things they had in mind was the Fenians coming a-raiding. They were legislating for serious requirement, not shrubs or heralds. That explains the language of the original provision, some of which is still with us in section 30 of the Financial Administration Act. That is one kind of usage for Governor General's special warrants—important, unforeseen emergencies.

In 1896 another line of usage was begun. In that year, for the first time, to meet a very different kind of emergency, Governor General's special warrants were used. No one here will remember that.

An Hon. Senator: Don't be so sure!

• (1440)

Senator Stewart: The Parliament elected in 1891, with Sir John A. Macdonald as Prime Minister, expired in the spring of 1896 by reason of the lapse of time before the Main Estimates had been voted. In those days the fiscal year began on July 1, not on April Fool's Day. On July 16 a new government was formed by Wilfrid Laurier.

An Hon. Senator: Hear, hear!

Senator Flynn: Remember that?

Senator Stewart: He met Parliament on August 19. In the interval, between the beginning of the fiscal year and the time when Parliament could provide money for the ordinary expenses of the government, the new government had resort to special warrants to pay for ordinary expenditures.

Senator Frith: A month and a half.

Senator Stewart: That second usage is the one that is to the fore nowadays, because Parliament provides for most unforeseen emergency needs by Treasury Board Vote 5, the so-called contingencies vote.

Governor General's special warrants were used in this second way for electoral emergencies in 1896, in 1911, and then in 1940, 1957, 1958, 1962, 1963, 1965, 1968, 1972, 1974, 1979 and 1980.

If supply had not been appropriated before dissolution, special warrants were used during the election and until the new Parliament met for the beginning of its first session.

Now, understandably, the major criticism of this second usage has been that special warrants can be used—indeed, that they were used—excessively by some governments that showed no great eagerness to meet the new Parliament. That criticism was particularly loud and cogent when the election had produced a minority government. Here was a minority government—either an old government reduced to minority status, as was Mr. Diefenbaker's in 1962, or a new minority government, such as Mr. Clark's in 1979—carrying on the business, paying out hundreds of millions, perhaps billions, of dollars without ever having met the new Parliament.

So there has been complaint about this second usage.

These, then, have been the two kinds of usages: particular emergencies and what I have been calling electoral emergencies. However, never before this year, 1989, has a government used Governor General's special warrants to meet ordinary payday requirements, the kinds of requirements set forth in the Estimates year in, year out, after a new Parliament has met. This is new.

How did the Treasury Board justify this new departure? How do they justify this third usage, this new usage? They find it all very simple and very clear. Indeed, they find it frustrating that some senators fail to follow them. They say that each of the payments, including those that I mentioned specifically, was reported as urgently required for the public good by the appropriate minister.

[Senator Stewart.]

They say that once Treasury Board Vote 5 had been exhausted, no other appropriation was available from which payment might be made. They point out that in January and February Parliament was not in session by reason of adjournment, and that on March 23 and April 1 it was not in session by reason of prorogation. These three requirements having been made, inevitably we are driven to the conclusion that it was entirely proper, say the representatives of the Treasury Board, to use special warrants for ordinary expenditures.

The board seems to rely heavily on subsection 5 of section 30. I read it earlier, but, since it is quite short, perhaps I should remind honourable senators what it says:

For the purposes of this section, Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

At first hearing, section 30(5) seems to confirm the board's view that the kinds of payments that can be made when there is no Parliament because of dissolution can also be made at any time, provided only that Parliament is not in session. But once one considers for a moment the consequences of that view, one must conclude that that is a wrong interpretation, that subsection (5) of section 30 is being misinterpreted, because it is inconsistent with the principle that Parliament controls the supply in practice as well as in theory.

Can anybody seriously assert that it was Parliament's purpose in 1951 to enact that governments may withdraw money freely from the Consolidated Revenue Fund for ordinary purposes—not for national emergency purposes—provided only that the government remembers to keep Parliament from sitting? Surely the Treasury Board has failed to see the real purpose, the real intention, of section 30 subsection (5).

There is no mystery as to why that provision was put in there in 1951. One must remember two points: First, during World War II the practice of adjourning for long periods was introduced. This permitted the government of the day to have Parliament back at work without the delay caused by a long debate on an Address in reply to the Speech from the Throne. Second, the war had served to remind parliamentarians that the day of great emergencies was not over, that a mere contingency fund was not enough, and that provision had to be made against the possibility of unforeseen war, invasion, insurrection, to borrow the words of the *War Measures Act*, as in the fall of 1939, or perhaps even a great natural disaster. A particular emergency—obviously not an electoral emergency—might occur during a long adjournment. That is why section 30 subsection (5) was added when the Financial Administration Act was being updated in 1951.

As a result of misinterpreting that subsection, the Treasury Board has used a provision made for particular emergencies occurring at a time when Parliament is not in session, including long adjournments, to appropriate money, not for emergency requirements but for ordinary estimate-type requirements. By doing so the government has opened a way,

an avenue, an inviting boulevard, by which governments in the future may take whatever money they wish to take—the minister has told us that there is “no absolute limit”—without having to come to Parliament for supply and appropriation. By voting for the passage of Bill C-14 honourable senators will be giving their approval to that major constitutional change.

Somebody may say—I have not heard it here this afternoon—“Don’t be foolish! No Canadian Prime Minister would ever dream of trying to avoid meeting Parliament. If he did, public opinion would soon bring him back into line.”

There is a good deal of truth in that approach, and the short response—I will not give the long one now—is: Why take the risk?

Let us remember how outraged Conservative members were in 1940, when Mr. King cut short the session of Parliament after five hours. Prime Ministers will do that sort of thing. Let us remember how furious the Liberals were in 1962, when the minority Diefenbaker government used special warrants to avoid meeting Parliament for months after the election. Let us remember that Progressive Conservatives—I am sorry; perhaps I ought not to be dredging up these political skeletons from the past.

An Hon. Senator: Go ahead!

Senator Stewart: Honourable senators, many Progressive Conservatives were afraid, in 1979, that Mr. Trudeau would use special warrants after the expiration of the five-year term of the Parliament, elected in 1974, to give himself another year, a sixth year, a kind of bonus year, a year in which he might try to repair his government’s popularity.

We have to concede that, under pressure, Prime Ministers are tempted to do whatever the rules and precedents allow. Some Prime Ministers will yield to temptation; others will not. That is the risk—that they may do what the rules and the precedents allow.

If it is a cause for concern that governments, even minority governments that have never met Parliament, can use special warrants to carry on for months after an election, without ever having had even a single vote of confidence in the House of Commons, how much greater cause for concern is there respecting this new usage now being inaugurated? Following the 1989 precedents, governments, even minority governments, will be able to have Parliament prorogued and then to pay all the costs of government, including the high costs of preparing the electorate to give them a majority in the next election, without having to go to Parliament for supply and appropriation.

If I, as a Liberal, found that a New Democratic prime minister, or a Progressive Conservative government, was proceeding in that way, I would be outraged, and I would anticipate that a Progressive Conservative who found a Liberal prime minister behaving in that way would also be outraged. This is not a precedent, honourable senators, to which we ought to give our blessings. It is not a precedent that ought to be allowed to survive and propagate.

We are being asked, in this bill, not only for all the billions of dollars but to give approval to an entirely new—and I argue a very dangerous—precedent.

It is not as if we are not being told what it is that we are being asked to approve. We cannot plead ignorance. The Treasury Board, through both its president and its secretary, has spoken deliberately, candidly, and emphatically. There is no doubt whatsoever in their minds that any payment that ordinarily would be made pursuant to a vote in Estimates is a payment urgently required for the public good. Provided that there is no other appropriation from which the payment may be made, and provided that Parliament is not in session, the payment may be made by means of a special warrant. That is their considered position. That is a dangerous view.

It is also a ridiculous view. I remember the first time I heard the Yiddish term “chutzpah”. I asked what it meant. I was given the example of the young man who had been convicted of murdering his parents. Before sentence was passed, he pleaded for clemency on the ground that he was an orphan. If this bill passes, there will be an even better example of “chutzpah”.

When a Prime Minister wishes to be rid of Parliament for a while—perhaps a few weeks, perhaps a few months, perhaps many months—he will need only to have Parliament prorogued and then to say that he, unfortunately, had no choice but to use special warrants for ordinary purposes because, regrettably, Parliament was not in session.

Honourable senators, the bill before us is an appropriation bill, what is commonly called a “money bill”. Quite deliberately, and for known reasons, the Senate was given both the power to amend such bills by reducing the appropriation and the power to reject such bills. As far as I can discover, neither of those powers ever has been used in the case of a straightforward appropriation bill. Nor has either of those powers, the power to amend or reject, been used in the case of a bill that, in addition to appropriating money, asks Parliament to give statutory confirmation to the use of special warrants for ordinary payments in ordinary times. Why has neither of those powers ever been used? The answer is: Because, in all the years since 1867, no bill comparable to Bill C-14 ever has come to the Parliament of Canada.

• (1450)

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator Frith: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the third time?

Hon. Jean-Maurice Simard: Honourable senators, I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we cannot support that motion. I think this bill clearly deserves study in committee, especially after Senator Stewart's intervention.

Therefore, I move, in amendment, that the motion be not now adopted but that it be amended by striking out all of the words after the word "bill", and substituting therefor the following:

... be referred to the Standing Senate Committee on National Finance.

The Hon. the Speaker *pro tempore*: The Honourable Senator Frith moves, seconded by the Honourable Senator Robichaud, in amendment to the main motion, that the motion be not now adopted but that it be amended by striking out all of the words after the word "bill", and substituting therefor the following:

... be referred to the Standing Senate Committee on National Finance.

Is it your pleasure, honourable senators, to adopt the amendment?

Some Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: The amendment is adopted.

Is it your pleasure, honourable senators, to adopt the main motion, as amended?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: The main motion, as amended—

Hon. Jacques Flynn: Speaking of formality, I think it is quite irregular, if we want to be touchy. After adopting the amendment, we cannot also adopt the main motion.

An Hon. Senator: Right on! Right on!

Senator Frith: This is one of the few things that Senator Flynn and I always agree on: if we carry the amendment, we carry the motion, as amended. Anyway, it goes to the committee one way or the other.

On motion in amendment of Senator Frith, bill referred to the Standing Senate Committee on National Finance.

[Translation]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—SECOND READING

Hon. Gérald Beaudoin moved the second reading of Bill C-7, to amend the Criminal Code (pari-mutuel betting).

He said: Honourable senators, I intend to deal with the proposed amendments to Section 204 of the Criminal Code that governs pari-mutuel betting in Canada.

[The Hon. the Speaker:]

The racing industry is suffering great difficulties. Bill C-7 offers a way to support this important sector of the Canadian economy. The proposed changes to Subsections 204(2) and 204(8) of the Criminal Code will permit pari-mutuel betting on horse races viewed on video screens in theatres owned or leased by racing associations. Such theatres would have to obtain a licence first from the appropriate provincial authority and a federal licence later on.

The double intent of Bill C-7 is to provide the horse racing industry with a new marketing opportunity that will help broaden the industry's economic base, which had been shrinking by increased competition from other forms of entertainment and wagering dollars, and to help the industry while avoiding the expense of public funds.

As a result of these changes jobs will be created. Moreover, benefits will be gained throughout the industry, including the new betting theatre segment. Betting theatres will create new jobs in cities where horse racing is not available otherwise than by video screen.

The jobs mentioned are associated with the control of telecommunications, pari-mutuel services, and concessions, but jobs will also be created in the food and beverage sector, and facility support services.

Horse men will benefit also from the increased purses. The industry will be better able to meet their increased costs for track maintenance and horse care. Those higher incentives will maintain the scale of racing in Canada.

At the same time, many Canadian thoroughbreds and standard bred can race abroad if they are outstanding performers. With increased domestic support, Canadian breeders will be able to produce outstanding racing stock.

Given these likely benefits, it is appropriate to take a few moments to outline the size and importance of the Canadian horse racing industry. To begin with, it is a large proportion of the over-all Canadian horse industry. Racing's health, therefore, contributes directly to the industry's over-all well-being by spreading the cost of supply of goods and services.

The horse industry in Canada generates about \$4 billion in economic activity. About 100,000 people are employed in the horse-racing industry, 42,000 directly and 9,000 indirectly.

To get an accurate picture of the situation, let's say that the horse-racing industry directly creates the same number of jobs as the aeronautics and automobile sectors combined or about twice as many as the oil refinery industry.

Within the racing sector, capital investment is substantial. For example, the industry's inventory of all forms of land, equipment and buildings is at least \$3.4 billion. Annual capital expenditure is estimated at \$380 million.

It is clear that the horse-racing industry is an important employer and makes a valid economic contribution.

What is important, however, is that it is now in trouble. Since lotteries and other forms of gambling have become popular in Canada, the horse-racing industry's revenues have not kept up with rising costs and inflation. Other games of

chance such as lotteries have become a bigger part of Canadian life than they used to be. The returns to horse racing have shrunk as those to lotteries in particular have grown.

Competition in the entertainment wagering sector keeps intensifying.

In 1987, for instance, provincial lottery sales amounted to \$3.34 billion, an increase of \$700 million or 26 per cent over 1986. That growth is due to the wide variety of games available and to the fact that tickets are sold at more than 34,000 locations across the country.

Competition is likely to become even more fierce in the future. Some provinces, such as Manitoba, Saskatchewan, Alberta and British Columbia, have already legalized some casino-type gambling. Others are likely to follow suit. These forms of entertainment wagering will further increase the pressure on the Canadian horse-racing industry as time passes by.

Pari-mutuel betting on horse races is widely accepted in Canada. Thousands of jobs are dependent on that activity. Many of them would be impossible to replace if ever they were lost, because they are concentrated in rural areas.

Those jobs are currently threatened. For a number of years already, the Canadian racetrack industry is subject to heavy, increasing pressures. In constant dollar terms, its income went down by more than 43 per cent over the last seven years. That downtrend will have to be reversed if jobs are to be saved in that industry.

This is why the racetrack industry has been searching for ways to widen its economic base. I am thinking of projects such as inter-track betting, separate betting, separate betting on foreign races and finally telephone betting.

In the last case, bets can be placed by telephone at a certain association's racetrack, while following the race in one's home. Patrons must have opened beforehand a telephone betting account with the racing association.

Certain associations already operate a number of betting theatres on their own racetracks, but at a distance from the Stands. TV close-ups and playbacks allow patrons to follow the races more closely in betting theaters than on the main stands.

Certain forms of betting theatres already exist in Canada. Bill C-7 adds nothing radically new as far as regulation is concerned.

The inter-track and telephone betting technology would be used for betting theatres. Federal monitoring on the premises, as it already exists for all forms of pari mutuel betting, would ensure the law is adhered to.

The Bill must take into account provincial interests in addition to federal requirements. For this reason, each betting theatre operated by an association should be licensed beforehand by the Lieutenant-Governor in Council. This way, provincial authorities will be responsible for deciding whether to allow this kind of pari mutuel betting in their jurisdictions or not.

Betting theatres are not a totally new concept. They have been in existence for some time in the United States. Surveys were done to identify their markets. Of their total patronage, 90 per cent already were regular or casual betters who found betting theatres more convenient and more pleasant. The proportion of new betters was only 10 per cent.

Canadian racetrack associations also wish to offer that choice to their patrons. Betting theatres would be installed in closed buildings equipped with seats, from which betters could view comfortably the races relayed by T.V. from an association's racetrack. These new facilities also would have to include food and drink concessions.

Two other reasons support authorizing betting theatres. The first one is that those operations should reduce the fortunately low incidence in this country as yet of illegal betting through bookmakers.

It is clear also that betting theatres are an alternative to betting outside the racetrack. Outside racetrack betting is not desirable for the simple reason it could easily throw a negative image of pari mutuel. The industry knows that the presence of federal officials, as is presently the case on the racetracks, would be economically unthinkable if they had to be present in a host of small, outside racetrack betting shops. And it is generally recognized in the industry that the federal presence is an efficient deterrent against undesirable elements.

The act would empower the Minister of Agriculture to specify the requirements that would have to be met before a license is issued for that type of pari mutuel. The first requirement, that the province approves beforehand the setting up and the location of betting theatres, is included in the Bill.

• (1500)

Further provisions to regulate betting in provincially licensed theatres will be introduced by the Minister in the form of regulations. These will be compatible with existing provisions applying to other types of pari-mutuel betting.

For instance, exclusive market areas around racetracks will be determined by federal regulations just as race days are now. Furthermore, there is a regulatory provision that horsemen and racing associations must negotiate the scheduling of races for theatre betting, as well as cost and revenue sharing.

Agricultural associations will also enjoy regulatory protection, since all teletheatres located within a radius of 30 kilometres of an agricultural fair shall close for the duration of the races held during the fair. In any case, the new legislation would not affect the success of these fairs which, despite their short duration, are extremely popular with Canada's rural communities.

The federal monitoring system can be adapted to the various circumstances that exist in this country. It also allows sufficient latitude to change the requirements for teletheatres if the local situation changes.

The horseracing industry creates thousands of jobs in Canada's rural areas. For this reason, we should eliminate all unnecessary obstacles to the present and future prosperity of the industry. That is the purpose of Bill C-7. Consequently,

honourable senators, I would ask you to look favourably on the slight changes proposed in subsections 204(2) and 204(8) of the Criminal Code.

Senator Robichaud: Honourable senators, Bill C-7 intrigues me. I have a question for Senator Beaudoin.

From what I was able to gather, the federal Minister and the Lieutenant Governors in Council of the various provinces will have to license these various establishments. This means that the federal government and the provinces will be in a position to tax the revenues of these establishments.

I would like to know whether such measures are already in place and if so, to what extent revenues will be taxed by the federal government and the provinces.

Senator Beaudoin: For the province, the figure is 7 per cent, while for the Federal Government, it is less than 1 per cent, more specifically 0.8 per cent, for the services provided.

As far as licences are concerned, the first one is delivered by the province and the Federal Government keeps the final control. Having checked, I can say that there is no constitutional difficulty about that.

Senator Robichaud: If the Federal Government refused, what would happen? Suppose the province had delivered an establishment licence of some sort and the Federal Government for one reason or another refused to deliver and confirm the licence, what would happen?

Senator Beaudoin: There must be agreement between the two levels of Government but the ultimate purpose, if I understand correctly the Bill now before us, is to create jobs within the horse racing industry.

Everything has been planned so that race track owners or operators, as well as horsemen organizations have the final say. If they want to sign a contract with people willing to deliver video coverage of races outside race tracks, the Federal Government agrees to go along with this. In other words, the Federal Government steps in and ask to amend Section 204 of the Criminal Code to support an industry which is now experiencing an economic let down.

It is a well-known fact that lotteries are now extremely successful while horse racing is quickly losing ground. One of the ways to remedy the situation is to allow races to be shown on video screens outside race tracks and thereby facilitate mutual betting, making them more easily accessible, in order to create more jobs and help money circulate.

The final control will rest with horse men associations and race track operators. If they come to an agreement, the Federal Government will go along.

As we respect the Provincial jurisdiction, we accept that the licence should be delivered by the province. Later on, the Federal Government steps in and issues its own permit. It is understood that for all practical purposes, horse men associations will have the last say.

On motion of Senator Stanbury, debate adjourned.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been granted to revert to Notices of Motion.

Hon. Fernand-E. Leblanc: Because my motion was not ready when the notices of motion were called, Honourable Senators, I wish to move it now. Accordingly, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit at four o'clock in the afternoon tomorrow, Wednesday, 10th May, 1989, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker pro tempore: Is leave granted, Hon. Senators?

Some Hon. Senators: Agreed.

Motion agreed to.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE— DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, Senator David is an icon of health field in Canada. He is one of the most respected person in that field. There can be no doubt about his goodwill or his intellectual honesty.

I am sure he agrees with me that the right to health protection is just as important and as sacred as the right to protection against criminal attack. Every citizen, rich or poor, should have the right — it is not necessarily reality — to be protected against a criminal coming at him with a gun and with the intent to kill. I and a number of people in this country believe that a citizen should have the same right as anyone else to be protected against a death threat due to illness. Do you agree?

Hon. Paul David: How could anyone disagree?

Senator Gigantès: You agree that we are all entitled to the same health care?

Senator David: So far, so good.

Senator Gigantès: Let us begin with that principle. Here is the question we must ask ourselves: How do we go about guaranteeing similar treatment to everybody if someone wants to disregard the principle of equality? That is just about as far as I and the public are prepared to go. A political party trying to renege on that principle which people have

experienced and appreciated would most certainly be wiped off the electoral map at the earliest opportunity.

So who would want to attack that? The report read by Senator David, who was kind enough to send it to me, contains a section which refers to this:

[English]

private health care funds, which have always played a significant role in Canadian health care financing in the past.

● (1510)

As public funding becomes less able to cope with the greater demand for health care services, particularly as a result of our aging population, it becomes more evident that increased funding from non-governmental sources may be necessary. And who seems to be in favour of that? The Canadian Medical Association thinks that it is a good idea. They are the ones who fought medicare. Yes, Senator Barootes, they did not want it.

One of the "saints" of this country, Mr. Tom D'Aquino of the Business Council on National Issues, is for private health care services. Why? It is a huge business, and profits are enormous.

Not too many years ago in the United States the president of the Humana chain of hospitals gave himself \$17 million, U.S., in one year. That is a pretty hefty level of profit for the proprietor of a chain of hospitals that is dispensing something to which everyone, rich or poor, must be equally entitled. The Humana hospitals will not admit you if you do not have folding money or plastic. That just happens to be a fact. There are towns in the United States that do not have a charity hospital, and if you are sick or wounded and have no money, it is too bad; you will not be admitted. You have heard me say this before about that town in Alabama where they picked up someone who had been knifed in the stomach. They took him to three hospitals in succession and all three turned him down because he had no money or plastic. He bled to death on the way to the fourth hospital.

An Hon. Senator: What a shame!

Senator Gigantès: Surely, you cannot have private medicine with those characteristics.

Let me ask this question: If the president of the Humana chain could make \$17 million out of health care in one year, how much of that money might have gone to improve other people's health care, if he had not been so greedy and had satisfied himself with something less—say \$2 million?

What we are facing here is an attack on the principle of egalitarianism—not by you, sir, but by D'Aquino, by the Quebec chamber of commerce and by the Canadian Medical Association. One of the weapons they use is to say that we do not all get the kind of medical treatment that is available at the Mayo Clinic in the United States. Of course not! We were never supposed to.

Senator Flynn: That is contrary to what you said before.

Senator Gigantès: No, we were never supposed to. No one in his right mind ever imagined that you could run a health service at the level of the Mayo Clinic.

Senator Flynn: That is what you were saying before.

Senator Gigantès: You deserve it, sir. I would contribute to a special fund to send you to the Mayo Clinic if you needed care there.

An Hon. Senator: Hear, hear!

Senator Flynn: He argues out of both sides of his mouth!

Senator Gigantès: But we cannot run a health care service based on top luxury care for everyone. We know that. So let us not use the argument that our health service is not giving top quality health care to everyone, and, in order to attack it, suggest that we go to a private service or a partly private service in order to improve the level. That will not improve the level, because where will the profits come from? The profits will not rain from heaven. The profits, if there are profits—and who will go into private care facilities unless there are profits—will come, inevitably, by reducing the quality of service. That is a given. There is no other way of doing it, if you want to make profits out of people's fear for their health and their lives.

Surely we want to give people the best health care possible. And I must say that I do not pay much attention to this report, because I have a better source which is quite recent and which proclaimed the Canadian health service, in comparison with other health services, to be the best in the world. Indeed, Senator David mentioned that this is often the verdict. My source is the Fraser Institute, and if there is a more right-wing think tank in this country, I would like to know it. The Fraser Institute is the most right-wing. It is right up there with the Heritage Fund in the United States, and could even make Attila the Hun feel quite happy. In fact, Genghis Khan would feel quite content to be on their board of directors also.

The Fraser Institute recently commissioned someone to make a comparison of health services—and I have a book which I will give to anyone who wants the full data on it. Yes, there are defects and imperfections, as there are imperfections here and everywhere else, but, all in all, our imperfections are less than those of others. Medicare is a human system and there are bound to be imperfections.

The astonishing thing about this report is that it was actually produced by an institute whose president, Dr. Walker, does not believe in medicare. However, he could not do much about the report because it was so factual. I remember having a conversation with him in which he said that if you do not have the profit motive in dispensing health care, you are not going to have reasonable rationing, and you will have—and here I am quoting Dr. Walker:

● (1520)

... undesirable phenomena such as the one reported by the New England Journal of Medicine on hysterectomies in Saskatchewan after Tommy Douglas brought in medicare.

He told me that after the advent of medicare, the incidence of hysterectomies in that province rose sharply. He also asked me what I thought of that, and I replied:

I think two things: Either all of these women needed hysterectomies before but could not afford them, or doctors are prepared to butcher women for money. You tell me if there is a third interpretation.

Honourable senators, we do not have to worry about rich people or people such as Senator Flynn, who, if he needed to go to the Mayo Clinic—and I hope he never will, would have friends like us who could all contribute to the cost of sending him there; but we do have to worry about the poor people and the people who are left behind or shunted aside and not given sufficient care. However, it is incumbent upon us to try to provide such a service without ruining ourselves.

Why are we told that we can no longer provide this service and that we must stop? It is not because the figures relating to health care are so excessive. In fact, we spend less on health care than do other countries and we give wall-to-wall coverage to everyone. The United States spends 2 per cent more of its GDP than we do on health care and still there are 37 million people without any health coverage at all. On the other hand, we spend 2 per cent less than the U.S. and we cover everyone.

The question is: Can we reduce costs? Senator David and Senate De Bané alluded, for instance, to the institutionalizing of older people and to the fact that even some handicapped people would be better off left at home, or would be better off within a family rather than in an institution. Senator De Bané was telling me of an initiative that is being tried in British Columbia whereby a welfare family can be sought out and screened thoroughly, after which the following proposition will be put to them: "You are receiving \$10,000 to \$11,000 a year as a family consisting of a father, mother and two children. We will give you \$100 a day, which is \$36,500 per year, to take care of this old gentleman or this old lady in your home."

Honourable senators, the home may not be very luxurious, but it is better than those institutions that the French call "le mouvoir": in other words, places where you die or wards with chronic-care beds. An older person living with a welfare family is better off than he or she would be in any of those chronic-care wards that smell of imminent death.

Therefore, honourable senators, with one stone we kill two birds: we take a welfare family off the welfare rolls and we provide a better time for that older person than he or she would have in an institution. At the same time we save almost \$200 a day, because the minimum cost to the state for one bed in one of those chronic-care places is \$300 per day.

So, honourable senators, with a little imagination we can find solutions to these problems and we can save money and give better service.

Honourable senators, I will tell you of one more situation. In the edition of the magazine *l'Actualité* in which Mr. Bourassa's picture appears on the cover, there is a heart-rending article, which, even if it is only a quarter true, should give us all pause. That article tells us that the young people of Quebec

are prepared to do almost anything—anything at all, however menial—in order to have a job with some continuity and the certainty that the job will last for some time or will lead to other jobs. They are sick and tired of having to go from welfare to a little job which they pray will keep them going long enough to allow them to qualify for unemployment insurance. The article talks of some of these young people even being prepared to work for nothing—in other words, allowing the employer to pocket the money while pretending to be paying it, in order that the employee will qualify for unemployment insurance.

My suggestion is that if you took four of these young people and gave them a small car and a vacuum cleaner—

[Translation]

—Cloths and other materials like that. You take two boys and two girls and you assign each of them (with supervision) four elderly couples still clear headed but who do not really have enough energy to look after themselves, to clean their apartment, etc.

You tell the groups of young people to go and visit each of these four apartments three times a day. The boys will flirt a little with grandma and the girls will flirt a little with grandpa! They will clean, prepare a meal for them and then leave. It is not a master-servant relationship. There is the dynamic of a small team.

Now, you pay these young people fairly well. You give them, say, \$10 an hour. So you have four young people at \$10 an hour, which makes \$400. You double this amount for the costs of the car, administration and supervision and you have a total of \$800. But to keep eight people in an institution costs a total of \$2,400. So we save \$1,600 and we free beds.

Instead of trying to find ways to reduce the amount of health care provided to people by our excellent public service, without rapacious exploiters, let us try with a little imagination and compassion to find other ways to run this service better than it is being run now.

[English]

Honourable senators, it is possible. All we need do is take our responsibilities seriously, and let the doctors take their responsibilities seriously and exercise a certain amount of triage. I say to you, honourable senators, that we must do it.

There is another way. People could be persuaded to be healthier. Rather than allowing a Canadian version of the Humana hospital owner to make all of those millions of dollars, why not spend some of that money to teach people to live in a healthier fashion: to exercise more, to smoke less and to drink less. Honourable senators, that is the best preventive medicine. I know it is a little late for you, Senator Flynn, but, if you like, we could start jogging together. I am as unfit as you are, but if we start gently and gradually you and I can do great things, I can assure you.

Then, honourable senators, we could perhaps persuade the doctors to relinquish some of their authority and have neighbourhood nurses for large blocks of apartments. A young mother with a baby that has the sniffles could then go to the

nurse and the nurse could say: "This is not too serious. However, if the temperature has not fallen by tomorrow, we will take the baby to the doctor. Meanwhile, give him some children's Tylenol and he should be all right by tomorrow." Also, if someone has cut his hand, and it is not a serious cut, the neighbourhood nurse should be able to bind up that wound, rather than having people such as that cluttering up the emergency rooms in our hospitals. With some imagination, some compassion and some willingness to hold on to the principles of free health care given equally to everyone, our present system can persist.

Honourable senators, I have one final point. Which are the countries that have best managed the reduction of their deficit in the latest crisis? The countries with institutional commitment to full employment. In December 1987, in discussing a report that I, together with my colleagues in the subcommittee, had written, entitled "In Training, Only Work Works", I informed this honourable assembly that the total costs of the national debt from 1968 to 1985 could be accounted for by the cost of unemployment over 4 per cent through those years—and that calculation was checked by the Economic Council of Canada.

● (1530)

Let me now turn to the performance of ten countries, the Big Seven plus Norway, Austria and Sweden. These three and Japan, one of the Big Seven, have a commitment to full employment, and they were the quickest to go from deficits to surpluses. Which countries were considered to be the slowest? Those dedicated to the absolute anarchy of the marketplace! When I say "full employment," these are not socialist countries in the sense that they forbid private property. There are very rich people in those countries, who are allowed to make huge profits, to have new homes, and to have the freedom, which is offered in democratic countries, of throwing out the government if they do not like it. The interesting thing is that when there has been a change of government in all these countries—and Japan has not had as many changes in government as the others—but when the opposition has come into power and looked at the situation—none of the Conservative oppositions that came into power in Norway and Austria or the centre right coalition in Sweden—none of them touched the commitment to full employment. Why? Because it works.

What I am saying is that to say that we have no money because we want to follow certain policies of shrinking the role of the state is not a good enough excuse for threatening the egalitarian health service of the people of Canada. Instead, let us explore policies that will increase revenues and reduce deficits. Full employment is one such policy.

Another alternative is to do as I mentioned earlier—that is, take someone off the welfare rolls, which form part of the deficit, and give them an old person to look after to save the \$200 per day cost for the hospital bed and to save the government \$20,000 per year, which is the average cost for a welfare family—\$10,000 in allowances and the rest in loss of tax revenues to the three levels of government. This is the way that we should think. I strongly suspect any advocacy to which

is attached the names of Mr. Tom d'Aquino or the Canadian Medical Association—other than advocacy by the Canadian Medical Association on proper treatment for patients—on how to manage finances. They have always been against anything that prevents them from making profits, and they like the idea of the American system in which the owner of a hospital can make \$17 million in a year. I resent this propaganda campaign. The chamber of commerce of Quebec voted in 1987 and in 1988—and I have documentation on file, if anyone wishes to see it—to privatize medical care. What was their motive? Was it because they do not like medicare? No. They wanted to get their sticky fingers into this enormous pie. I say that medicare is one of the pies, like that of the police or national defence, in which private motives do not have a place. Any who think they can touch this pie had better not try, because they will be wiped from the political map of this country. I hope that such people do not try to change our medicare system, because before they are wiped from the map they will do great damage to the poor, the weak and the sick.

Hon. Efstathios William Barootes: Would the honourable senator entertain a question?

Senator Gigantès: I would entertain all the questions my beloved colleague from Saskatchewan and the man with whom I share the same blood would care to ask.

Senator Frith: And what about Senator Barootes?

Senator Gigantès: It is Senator Barootes I was referring to.

Senator Barootes: I don't know about your blood, but I do know about my blood, and I am not so sure that we are consanguineous.

The honourable senator spoke about the egalitarian health service which he worships and about which we all in this country are pleased, and then he made the statement, I believe, that we would all have to be—I don't know whether the word was "crazy"—crazy to expect that everyone in Canada could have the very highest, top-quality health service such as that rendered at the Mayo Clinic. Am I correct in what I heard?

Senator Gigantès: Yes, I said that.

Senator Barootes: If that is so, then we in Canada cannot expect in our egalitarian system top-quality health care. Would the honourable senator please tell me who in Canada is deserving of, or should be able to get, that top-quality health service? Is there anyone?

Senator Gigantès: If we in this chamber had to vote on a choice between one of us being able to go either to the Mayo Clinic to have all the CAT scans, and whatever else is available, using the most expensive equipment—their own personal CAT scans so no other body could file it—or to the National Institute of Health in Washington, where each patient has his or her own nurse for research purposes, and, in the alternative, all of us being able to have reasonable health care granted by competent physicians, though they might not be able to give us the most luxurious rooms, I think we would vote for the second choice.

I have a very good physician. He is a Scot who trained in Aberdeen. He does not believe in prescribing anything if he can possibly help it. He does not like the health service. He has said to me, "You don't need tests. I mean, considering your state of health and how ornery, difficult and opinionated you are, you seem to be extremely well." And I have said, "Well, how about my cholesterol level?" He has replied, "Your cholesterol level? At your age it doesn't really matter if you have more cholesterol or a little less. You're okay, so be happy. When you get really sick, I'll look after you." When I go to see him, he spends three minutes with me, but I don't feel that I am not getting the necessary health care. I am not a hypochondriac.

However, there are certain abuses in the medical profession. There have been many reports about excessive testing, and there are an awful lot of doctors who are proprietors of the laboratories that carry out the tests.

Senator Haidasz: Not in Ontario.

Senator Gigantès: Not in Ontario, but elsewhere, and it should be forbidden. If the medical profession truly and seriously stopped griping about the health service and decided to be compassionate and caring in a sort of triage way, it would cut a lot of costs. That is what I mean.

Senator Barootes: I thank my compatriot, but I still do not know who in Canada would be entitled to that "Cadillac", top-quality care. Is anyone entitled to it?

Senator Gigantès: Not at the expense of the state. If, as Senator De Bané was saying, someone wishes to go to the United States and pay the Mayo Clinic out of his or her own pocket, then, fine; let them. Obviously we cannot afford to give that kind of service; but we can afford to give something that, while it may be a little short of that, is still good, and that is the system we have now. As Mao Tse-tung said, and he was not the only one to say it, "The best is the enemy of the good."

Senator Barootes: I understand that the honourable senator is worshipping mediocrity.

On motion of Senator Barootes, debate adjourned.

NATIONAL SECURITY

BUS HIJACKING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Kelly calling the attention of the Senate to the hijacking incident which occurred in Ottawa on Friday, 7th April, 1989.—(*Honourable Senator Kenny*).

Hon. Colin Kenny: Honourable senators, I intend to speak to this matter briefly when I second Senator Kelly's motion later today.

The Hon. the Speaker pro tempore: Honourable senators, if no other honourable senator wishes to speak, then this inquiry is considered debated.

[Senator Gigantès.]

• (1540)

[Translation]

DEMOGRAPHIC EVOLUTION IN CANADA

CAUSES AND CONSEQUENCES—DEBATE ADJOURNED

Hon. Paul David rose pursuant to notice of Tuesday April 4, 1989:

That he will call the attention of the Senate to a research study on demographic evolution in Canada, its causes and its consequences.

He said: Honourable senators, I will allow myself to speak even in the absence of Senator Gigantès, but I imagine he will read tomorrow's *Debates of the Senate* and give me further extremely interesting information on the subject I want to talk to you about today, that is demography, its causes and its consequences.

Honourable senators, it is a pleasure, despite the late hour, to summarize a study conducted by Mr. Seymour Hamilton. I initiated and supervised that study in co-operation with Messrs. Allan Mirabelli and Robert Glossop of the Vanier Institute of the Family. I thank the members of the Committee on Internal Economy, Budgets and Administration for having accepted my grant application. On request, I will send you a copy of the 65-page original document written in English and entitled "Research Study on Demography: Causes and Consequences".

That study is divided into five sections. The first one compares global demographic statistics to ours.

In 21 industrialized countries, population growth in 1986 compared to the previous year went from a high of 1.4 per cent in Australia to a low of -0.2 per cent in West Germany. Canada came in second place with a positive growth rate of 1.1 per cent. As you know, that percentage is equal to the number of births and immigrants minus the number of deaths and emigrants. On a world-wide scale—4.917 billion people in 1986—the growth rate was 1.7 per cent, ranging from a maximum of 2.9 per cent in Africa to a minimum of 0.3 per cent in Europe.

The birth rate, that is the number of births per thousand population, was studied over 60 years in four countries: France, Great Britain, Sweden, and Canada. They all reported a decline. Although Canada still had the highest rate in 1985, 15 per thousand, it must be said that it was 26 in 1925, up to a peak of 28 in 1946, followed by a rapid decrease from 1965 to 1975, and it has remained practically stationary for the past ten years.

During the same time the world fertility rate, which is the number of children born to women in the 15-to-45 age bracket, was 3.35 in 1926, 2.64 in 1936, 3.93 in 1960, then rapidly down to 1.7 in 1986.

In previous years, a high birth rate combined with years of strong immigration—almost 300,000 immigrants in 1957—led to a rapid increase in our population. Considering that the current birth rate is lower than the replacement rate, Statistics Canada figures indicate that this country needs 175,000 immi-

grants a year to maintain our population at the current level of 25 to 26 million.

An aging population is the most predictable consequence of low birth rates. In 1986 the percentage of Canadian youths under age 15 was 21 per cent compared with 33 per cent world-wide, 45 per cent for Africa and 38 per cent for South America. This array of statistics highlights the striking contrast between the demographic explosion in developing countries and the decline in industrialized nations, between poor countries and rich ones!

In the second section we go over the expected socio-economic impact of this demographic evolution. Are moral and societal attitudes a by-product or a consequence of demographic evolution? Cadwell's theory, explained or described at length in this research paper, seems to be a logical explanation on a world-wide level.

Section 3 is a brief review of policy programs put in place in various countries such as France, West Germany, Rumania, Sweden, Norway, England, the United States, China and India either to increase, stabilize or reduce the fertility rate. That international overview shows that the decline in the birth rate is a general trend in industrialized countries like ours and that no policy formula could reverse that trend.

The Canadian experience is analyzed in Section 4. Population statistics show that the number of children desired by Canadian couples range from 0 to 2, that the first child is conceived at a later stage and the spacing between births is getting longer. Among various factors analyzed by demographers to explain the lower fertility rate, the study pointed to the following: Marriage at a later age, the desire of an increasing number of couples not to have children, a stable rate of infertility, living together without being married, the availability of abortion, the frequency of divorce, sterilization as a means of permanent contraception, social acceptance of single parenthood and, finally, the legal difficulties in adopting a decreasing number of available children. In Québec, survival factors of a cultural and linguistic nature take on particular significance. Finally, the study gives significant weight to women's liberation movement, who are taking up an increasing share of the labour market.

● (1550)

In the fifth and last section of the study, we proposed four possible options: accepting the *status quo* and its consequences; developing pro-family policies; encouraging immigration, or combining a pro-family policy with a well-structured immigration policy. In that context, the initiative taken by Québec in May 1988 when enacting through a new tax system an overall family policy is an experiment that is unique in Canada and that deserves to be followed with much interest. Even if demographers remain skeptical as to the long-term results of that experiment, they admit a pro-family policy improves the quality of life for families and becomes a positive incentive.

Honourable senators, the major conclusions of this study seem to be the following: First, all industrialized nations now

have a fertility rate below 2.1, which is the rate needed to preserve a country's population of origin. For some 20 years Canada has been part of that group of nations. Second, a number of developing nations have birth-rates of more than 21 and as such, are natural and logical reservoirs of future immigrants.

Second: many developing countries have birth rates higher than 2.1 and become natural and logical sources of emigrants.

Third: no industrialized country has managed to find a lasting birth increase formula. It would be presumptuous to expect Canada to succeed where others have failed.

Fourth: in view of the extent of our territory, it would be difficult to imagine that the standard of living of an aging population in this country could be maintained without an increase in population.

Fifth: within this context, a well structured immigration policy is essential to ensure in this country a stable economy and the preservation of its social programs.

Sixth: all studies confirmed that the Canadians consider the family as the basic element of our society. On the other hand, the traditional family has changed. It is no longer made up of a father whose income make it possible for his wife to stay at home and raise at least two children.

Seventh: children remain for Canadians generally an indispensable investment in the future. Individuals are therefore ready to assume collectively the responsibility of sharing their daycare, education and health services costs.

Honourable Senators, the comments and findings of this study compel us to make a few recommendations, whose two major objectives are to eliminate as much as possible the tax disincentives and other factors likely to discourage a couple from having the number of children they want and coordinate an immigration efforts consistent with the resources of Canada as a whole and each province in particular. To achieve this goal, we make two proposals.

The first proposal would be the foundation of a permanent national family and immigration council which could be a subsidized agency to advise the Federal Government. Its term of reference would be to keep a very close watch on the population growth of this country. In cooperation with government and non-government organizations, it would make appropriate research and suggestions aimed at stabilizing and improving our demographic pattern and at estimating every five years the optimal number of immigrants we should welcome in our country.

The second proposal is to replace the existing Department of Immigration by a Department of Family and Immigration, thus implementing a national policy linking the two parameters ultimately governing our population growth. Since each province already has specific jurisdictions in those fields, we recommend that the same formulae be applied to each of the provinces, that would make for a better coordination between the federal and provincial governments.

Honourable senators, we undertook this study in order to document our concerns about the demographic future of Canada. The results did confirm our concerns.

Canadian demography represents a challenge that we have to face if we want to keep our cultural identity and our social programs and to maintain our standard of living and our economic prosperity.

We believe our research will heighten the awareness of each and every member of Parliament on the importance of the problems we studied and the relevance of our recommendations.

I want to thank you, Honourable senators, for listening to what I had to say, despite the late hour.

● (1600)

[English]

Hon. Stanley Haidasz: Honourable senators, I should like to ask Senator David a question. Did the research study on the demographic evolution in Canada, to which he referred in his speech, take into account the effect of the approximately 62,000 abortions that are carried out each year?

Senator David: As I have said, abortion is one of the factors that may explain the "taux inférieur de mortalité que nous avons maintenant," but this factor is associated with many others; another that struck me was the number of sterilizations, either male or female, that were done in hospitals and created permanent sterility.

It is a very complex problem, but I think we have to take into account the honourable senator's remarks.

On motion of Senator Haidasz, debate adjourned.

INTER-PARLIAMENTARY CONFERENCE ON TOURISM

HELD AT THE HAGUE, THE NETHERLANDS

Hon. Joseph-Philippe Guay rose pursuant to notice of Tuesday, May 2, 1989:

That he will call the attention of the Senate to the Inter-Parliamentary Conference on Tourism, held at The Hague, The Netherlands, from 9th to 14th April, 1989, inclusive.

He said: Honourable senators, I should like your indulgence to say a few words today on a very interesting Inter-Parliamentary Conference on Tourism, which I was privileged to attend along with my colleague, the Honourable Senator Martha Bielish, a wonderful lady, who participated fully, as did our friend from the House of Commons, Mr. Len Hopkins, member of parliament for Renfrew. Also accompanying the delegation was Mr. R.B. Duncombe, director of program development, Tourism Canada.

Although the leader of the Canadian delegation, Mr. Lee Clark, did not attend, Mr. Len Hopkins, who was designated the keynote speaker of our delegation, must be commended for his distinguished contribution.

[Senator David]

Canada played an important role among the 47 countries represented. This Inter-Parliamentary Conference on Tourism was held during the week of April 10 to 14, 1989, at The Hague, The Netherlands. The event was organized jointly by the Inter-Parliamentary Union and the World Tourism Organization at the invitation of The Netherlands International Parliamentary Group.

Inspired by some principles officially endorsed by other international documents, such as the Manila Declaration on World Tourism and the Universal Declaration of Human Rights, members that were present drafted The Hague Declaration on Tourism.

The responsible committee introduced some basic orientations related to that socioeconomic activity: it recognizes the major impact of tourism on the development of certain regions and the need for a coordination mechanism that will reinforce international cooperation, and it favours, at the same time, the rapprochement between peoples.

● (1610)

The declaration insisted on the proactive role of Parliaments and governments, one that should accord increasingly sustained attention to the expansion of this important sector for most industrialized countries.

In order to improve the situation, the document recommends measures to diversify existing forms of bilateral and multilateral technical operations. The existence of basic facilities, the establishment of training institutes, and strong concern about reaching a balance between the promotion of domestic tourism and international tourism are essential for the participants to create a viable infrastructure while, at the same time, improving the economic conditions of the Third World nations.

[Translation]

Some environmental concerns also inspired the joint statement that was endorsed at that inter-parliamentary conference. Thus the preservation of the integrity of the natural, cultural and human environment is an essential condition for the development of tourism. The rational management of that sector contributes to the ecological balance of the world's regions as well as to the preservation of the quality of life of the people involved.

Following the recent publication of a report on environmental perspectives for the year 2000 under the auspices of the United Nations and the World Commission on Environment and Development, The Declaration of The Hague on Tourism recommends to continue inventories of various sites of interest. Along with the development of historical and recreational sites, there must be strict guidelines concerning the preservation of our heritage.

[English]

Paying attention to the situation of international tourists, another principle expressed by the document refers to the right of everyone to travel freely, subject to reasonable restrictions. Current laws should not limit freedom of movement. Effective measures should also be taken to facilitate tourist travel, tourist visits and stays, irrespective of the mode of transport-

tion used. Such objectives may be promoted by the liberalization of legal provisions and the harmonization of technical standards applicable to tourist enterprises, including travel agencies.

I might note in passing that at the same time travel agencies from Canada were also present at The Hague at a convention of their own. There were over 700 delegates at that particular conference. We met a lot of them because they were all from Canada; they were quite pleased that we were also having a conference, and almost next door to theirs. Consequently, we participated in some of their functions.

Considering the threat imposed upon foreign travellers, terrorism still represents a major concern for most liberal societies. Recent incidents affecting various modes of transportation demonstrate that safety is vital to the expansion of tourist activities. Consequently, the identification of goods, facilities and equipment used by visitors must be introduced by state officials. Because of the seriousness of their actions, possibly resulting in attempts on people's lives, terrorists should be treated like any other criminals.

Looking at the problems of the tourist industry, the conference recognized the need for a global approach that will contribute to the establishment of a genuine national policy. At this stage, with the necessary preparations, Parliaments can and should play a special role involving the adoption of appropriate legislation.

Following the principles formulated by the drafting committee, specific recommendations were introduced by parliamentarians who attended the conference. The options suggested reflected the strategic role played by tourism in a country's overall economy. Direct and indirect employment, foreign exchange earnings, state revenue, patronage of craftsmen and artists to the benefit of regions with no commercial or industrial base—all of these aspects are quite attractive for modern states and developing nations.

Government initiatives to preserve monuments and vital living traditions are compatible with other incentives to attract people from outside and to encourage them to return again. Planning strategies to expand tourist facilities should try to reconcile visitors' expectations with the demands expressed by the local population. National priorities positioning internal needs are fundamental to the facilitation and liberalization of tourism.

[Translation]

One of the recommendations made by the participants at this conference highlights the essential contribution of research in this area and of the administrative structures required to benefit from the tourism potential in every region of the globe. Obtaining satisfactory results will take additional effort to enhance infrastructure and government initiatives in this field of public activity. Governments must set aside their interventionist policy and act to promote tourism by creating the right conditions for it.

[English]

Legislative proposals affecting tourism should be oriented towards three goals: first, the protection of foreign visitors; second, the promotion of tourism as a major socioeconomic activity; and, third, the awareness of each country regarding potential imbalances that might result from the expansion of tourism. Initiatives taken by the public and the private sector in that field might have an impact on the environment and on the cultural identity of a population. They might, therefore, be carefully assessed by the responsible governments.

Using the draft of the Budapest Convention to facilitate tourist travel, visits and stays, parliamentarians could lend their support to the promotion, development and updating of existing legal instruments directly or indirectly affecting travellers. Procedures related to passports and visas, currency and exchange control, customs regulations and health formalities are directly influencing the perceptions of foreign visitors. They should not, therefore, drastically limit the mobility and freedom of tourists.

Following the conclusions and the recommendations of the Inter-Parliamentary Conference on Tourism, parliamentarians were able to determine a general course of action that includes a comprehensive legislative framework to codify their national policy and priorities for tourism. Moreover, minimum standards and classification schemes, the pricing of facilities and financial incentives for domestic and foreign investors can be determined by the adoption of basic orientations by parliamentarians.

• (1620)

It is the responsibility of members of national groups of the Inter-Parliamentary Union to suggest to their colleagues, and especially to the appropriate committees, policies that will promote the development of tourism. As expressed by the member of parliament for Renfrew at the conference:

We must recognize that, given the importance of tourism, the general trend toward liberalization of trade in services should help to bring the attention of governments to the facilitation of travel.

The elimination of trade barriers in Europe, scheduled for 1992, is another achievement reinforcing the relationship between countries. This approach should also prevail in the adoption of policies and regulations applicable to travels and visits in a foreign country.

[Translation]

As a result of the policy of openness of some eastern countries, mainly the Soviet Union, the national governments concerned now allow foreign investors to come. They have also adopted more flexible rules making travel easier for tourists. This type of initiative is basically in line with the thrust of The Hague Declaration on Tourism.

[English]

In closing, I wish to emphasize once again that tourism is one of the most beneficial industries a country can have.

Honourable senators, the official report of this conference will be given to us within a few days. Accordingly, I will table it in the house.

The Hon. the Speaker *pro tempore*: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

TERRORISM AND PUBLIC SAFETY

SPECIAL COMMITTEE APPOINTED

Hon. William M. Kelly, pursuant to notice of Wednesday, May 3, 1989, moved:

That a special committee of the Senate be appointed to review the recommendations contained in the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism," tabled in the Senate on 10th August, 1987;

That, notwithstanding Rule 66(1)(b), the Honourable Senators Bosa, Corbin, Fairbairn, Flynn, Hays, Kelly, Kenny, MacDonald (*Halifax*), MacEachen (or Frith) and Murray (or Doody) act as members of the special committee, and that three members constitute a quorum;

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee; and

That the committee present its final report to the Senate no later than 30th June, 1989.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, is there to be an explanation of this motion?

Senator Kelly: If honourable senators wish, I will provide one.

Senator Frith: I would just like something on the record to justify this motion.

Senator Kelly: I am happy to oblige—I was wanting to save senators the distress, but I will be brief.

Honourable senators will recall that a special committee of this chamber was formed early in the year 1987 to examine terrorism in the Canadian context and to examine particularly the extent to which we are prepared to deal with terrorist incidents. The committee reported finally in August 1987 and made a number of recommendations. Those recommendations were developed out of a careful study of certain terrorist incidents that had occurred, such as the occupation of the Turkish embassy and the Bahamian High Commission hostage taking.

The purpose of the study was to see what went right in those circumstances and what went wrong. We heard from a number of officials of various ministries—the Solicitor General, Justice, Transport and so on—which had a role to play in situations such as those I have described. We heard from them what processes they had in place and the extent to which they had theorized hypothetical situations and how they would deal

with them. We examined those processes and commented on them in our recommendations.

The event of April 7 here on the Hill, to which I spoke the other day, provided an interesting opportunity to examine a current incident and to see if anything had changed—to see what went right and what went wrong. We were able to identify some improvements. We were able to identify some continuing weaknesses, and this led us to feel that it would be prudent at this time to review the recommendations that we made two years ago and to hear once again from the appropriate officials what the response has been.

Honourable senators, we have had no official response from the government on the recommendations we made. We have had some informal discussions. I do not anticipate that a study of this sort need take a long time. We are committed to report by June 30. I see no reason why a committee could not report by that time. I hope that in the process, if it is approved, we will be able to gain access to a committee report, which I believe still exists, that was put together by a group that had been requested to examine our report, comment upon it and submit recommendations to government. I think it would be useful to study that report at this time. That is the purpose of the committee.

Senator Frith: May I ask Senator Kelly whether the committee anticipates requiring any funds for its work? If so, I assume that it will be submitting a report in order to get that authorization.

Senator Phillips: Senator Kelly is going to pay for it himself!

Senator Petten: Hear, hear!

Senator Frith: With Senator Kenny guaranteeing the note, I suppose.

Senator Kelly: The note, yes.

Honourable senators, when I first proposed the committee in 1987, I had a terrible time trying to keep on the right side of Senator Frith—I seemed to be breaking the rules regularly. Senator Frith will understand, then, that I am now going to be extremely cautious in how I answer questions.

The first question, as I understand it, is: Will the committee be spending any money? The answer is: If it is approved, yes. The next question is: Will the committee be applying for that money under the rules? The answer to that is yes. I don't recall whether I was asked how much I estimate it will cost, and I will not respond to that.

Senator Frith: That question was not asked and it is not necessary to respond to that now. I appreciate that the committee wants funds from the Senate, but, as I understand the procedure, it will not get them through the adoption of this motion. It has to prepare a budget and it must then ask for that money. Therefore, it is not necessary to tell us the amount now—the senator will have to tell that to the Internal Economy Committee.

I thank Senator Kelly for his explanation.

Hon. Colin Kenny: Honourable senators, I should like to associate myself with Senator Kelly's remarks. I was going to speak a few moments ago, but it seemed that honourable senators were ready to adopt the motion and any remarks I might have made would have been superfluous. I suspect that lengthy remarks now would also be superfluous, so I, too, will be brief.

I think that re-establishing the committee is important simply because we will be revisiting some recommendations that we had made before. I think it is useful for Senate committees, from time to time, to go back and see if anything has happened as a result of the time, effort and money that they have spent doing this sort of work. With this committee, I think there are three areas that are particularly useful to revisit. The first is: What sort of response is the government making to our recommendations? This government undertook to respond to us; that is something it volunteered to do when we prepared our report. Some time has gone by, but we have not yet heard from the government.

● (1630)

The second area of some considerable concern is the agreements in place between the RCMP and every province, with the exception of Quebec, on how they deal with terrorist incidents. The situation on the Hill recently commenced with a breakdown in communications between the Quebec Provincial Police and the federal police in Ottawa. It would be useful to look at that question again and attempt to determine why the

federal government and Quebec have not yet arrived at an agreement on this very important matter.

The third area of importance is this: The committee examined and discussed at some length with various news-gathering organizations the appropriate guidelines or code of conduct to be adopted in the event of a terrorist incident. It seemed to me that most reasonable people concluded, and certainly the committee concluded, that it was inappropriate for live broadcasts to take place during the course of a terrorist incident. We all know that terrorists have access to television and radios. It does not make sense for them to be listening to broadcasts about what the police or security agencies are doing to combat a situation. Yet during the incident that took place on Parliament Hill recently many news organizations were broadcasting live, and were describing what the police were doing. That did not seem to be a very productive course of action.

I believe that this is a worthwhile undertaking for the Senate. Senators who agreed to serve on this committee are prepared to sit at times other than when the Senate is sitting. I encourage you to support Senator Kelly's motion.

Hon. Eymard G. Corbin: Honourable senators, as a fledgling member of that committee, I wonder if Senator Kelly could tell us when the first meeting will be called. I understand from calls received in my office today that we may be sitting this evening.

Senator Kelly: The hope is that we can have our organizational meeting immediately after the Senate rises today.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

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(Subject to change from day to day)

WEDNESDAY, MAY 10, 1989

NATIONAL FINANCE

256-S4:00 p.m.

*The examination of Bill C-14, the Appropriation Act No.
1, 1989-90*

THURSDAY, MAY 11, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

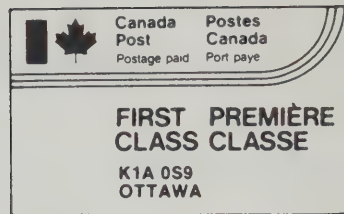
356-S9:30 a.m.

NATIONAL FINANCE

256-S11:00 a.m.

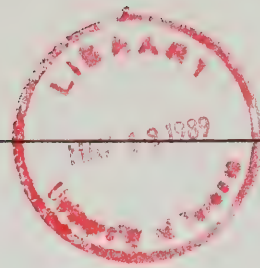
*The examination of the Main Estimates laid before Par-
liament for the fiscal year ending March 31, 1990*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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OFFICIAL REPORT
(HANSARD)

Wednesday, May 10, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, May 10, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

QUESTION PERIOD

TRANSPORT

SHIPMENT OF GRAIN THROUGH PORT OF CHURCHILL,
MANITOBA—IMPROVEMENT OF INFRASTRUCTURE AND
GREATER USE OF FACILITIES—REQUEST FOR STATEMENT OF
GOVERNMENT POLICY

Hon. Joseph-Philippe Guay: Honourable senators, I have my usual question respecting the Port of Churchill, and I hope that this time I get better results than I have in the past.

Some Hon. Senators: Hear, hear!

Senator Guay: The Port of Churchill is Canada's only central sea port. In reading up on this subject I found that the Port of Churchill is beneficial to eastern and northern Saskatchewan as well as to Manitoba. I learned that farmers in Saskatchewan and Manitoba pay \$6.80 per tonne to ship grain to Thunder Bay and that it costs an additional \$26 per tonne to get that grain loaded into ocean-going vessels at Montreal. I can hardly believe that the farmers pay all of those transfer costs, but apparently that is the case: \$26 per tonne comes out of the wheat, barley and oat pools to pay those costs. In other words, we gave 25 per cent of our barley crop last year to Quebec and Ontario for handling that product.

I also determined that Churchill has only 10,000 tonnes of grain in storage at the present time. Churchill can hold 140,000 tonnes of grain, yet there are empty freight cars going north almost every day and coming back with paper, lumber and other goods. Those boxcars could very well take a load of grain north to the Port of Churchill.

One representative of the Canadian Wheat Board told me that we are paying storage charges on one million tonnes of grain at Thunder Bay. It is no wonder the facilities at the Port of Churchill are run down compared to Thunder Bay.

As I have said, 25 per cent of our barley crop is going to keep Thunder Bay and the St. Lawrence Seaway in shape, but they forget about the Port of Churchill.

Farmers in northern Saskatchewan, eastern Saskatchewan and northern Manitoba would also reap a 15 per cent saving on freight to the Port of Churchill. What we need to do now is begin filling up the Churchill terminal and those idle boxcars.

A well-thought-out export program from the Port of Churchill would not require 3,000 boxcars. Last summer a

mere 52,000 tonnes, or two shiploads, were shipped from the Port of Churchill. With only 10,000 tonnes in storage at the present time, it looks to me as if the powers that be are planning to close the Port of Churchill altogether, instead of shipping grain through that port and thereby allowing western money to stay in the west where it belongs.

I will also, very briefly, make reference to the Manitoba Association of Urban Municipalities, other unions in Saskatchewan, and other municipal people and farmers. I have here a draft of some notes that I should like to read to you:

Churchill is Canada's only central seaport; and

Whereas only 51,000 tonnes of grain moved through the Port of Churchill in the 1988 shipping season; and

Whereas that was considerably less than the previous year's shipment of 569,000 tonnes, constituting only 7 per cent of the amount of grain required for the port to operate viably; and

Whereas there has been a progressive decline of rail rolling stock available for grain transport to Churchill; and

Whereas the rail infrastructure continues to deteriorate; and

Whereas the route's existence is crucial for northern resupply operations and for western Canadian export access to the Atlantic Ocean; and

Whereas these deteriorating factors are severely restricting efforts to market and promote the use of the Churchill route; and

Whereas deterioration of the route is endangering Churchill's considerable value to the nation as an asset to the objectives of northern sovereignty, northern development and national defence;

Therefore, I would ask the federal government, without delay, for a clear statement of policy supporting the continuity and use of the Hudson Bay rail and port route, and that the federal government commit itself to improving the route's infrastructure, thereby removing restrictions to its use that now exist, and thereby reversing the negative atmosphere and attitudes that now exist regarding this important national seaport, which is an asset to us all.

I would ask the Leader of the Government in the Senate, who is the only one I can ask to make the appropriate representation to cabinet in a forceful manner, which I am sure he is very able to do, to make a proper representation for us in Saskatchewan and Manitoba so that the government will make more use of the Port of Churchill, which will benefit all of us in western Canada.

Senator Steuart: Yes or no!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, I shall obtain and provide a report shortly that I trust will do justice to the comprehensive and eloquent presentation of the honourable senator.

Some Hon. Senators: Hear, hear!

SHIPBUILDING

BRITISH COLUMBIA—POLAR 8 ICEBREAKER PROJECT—
GOVERNMENT COMMITMENT—DEFINITION OF "PRIORITY"—
OTHER DELAYED PROJECTS

Hon. Raymond J. Perrault: Honourable senators, I should like to ask the Leader of the Government a question with respect to the Polar 8 icebreaker project. That project, as some members of the Senate may be aware, has been the subject of a number of political announcements by this government. It has fuelled several of their press conferences. Many ministers have preened their political feathers at media availability sessions talking about the way this project is going to revive the ship-building economy on the west coast of Canada. Now we have another excuse: vague, imprecise statements from the responsible minister that we are going to have yet another delay.

Before I ask the substance of my question I should like to read excerpts from a letter dated May 9, 1989, from the president of the Shipyard General Workers' Federation of B.C. to the Honourable Benoit Bouchard. This is the basis of my question.

Dear Mr. Bouchard:

Your announcement that the construction phase of the Polar Eight Icebreaker project is being re-scheduled to the Spring of 1990 is not acceptable to the members of this Union.

May I add a personal comment, honourable senators? It is not acceptable to British Columbians, whether they vote NDP, Conservative, Liberal or anything else—we are tired of these delays and procrastinations. The letter continues:

Our members, along with their brothers in other Unions, fought hard to secure this project for British Columbia. They have waited patiently these past two years only to see deadlines that were established in the Letter of Intent slip by month by month, year by year. They now openly question your Government's commitment to proceed with the project... They must not be allowed to lose confidence in the fairness of the process of Federal Government procurement contracts being allocated on a regional basis.

You must appreciate the critical crisis in the shipbuilding industry here in British Columbia due to your Government's rationalization policy. I reiterate to you that this policy has resulted in the closure of five shipyards in recent years. This Union alone had 1800 members working full time in the industry in 1984 but only 600 have survived the rationalization process to date.

After the launch of the C.C.S. Henry Larson in January 1987, Versatile Pacific Shipyards Inc. laid off 600 of

our members. Since that time most of these workers, many with fifteen to twenty years' seniority, have survived the economic hardship by a combination of U.I.C. benefits, short-term repair work and social welfare handouts.

I guess they may have to look forward to more of that.

I know you will understand what the Polar Eight means to them.

It is our firm belief that the decision to choose between the AC Electric/Diesel propulsion systems (preferred by the Coastguard) at the additional cost, and the alternate mechanical drive system (recommended by the Brunei Commission) is such that it does not require twelve months to ponder.

I say "Amen" to that, as do other British Columbians.

Versatile Pacific Shipyards assures us that the negotiations to complete the sale of the Company will be completed in the next two weeks. This should also satisfy the conditions set out in the Letter of Intent and does not warrant a further twelve month postponement.

I ask this question of the Leader of the Government in the Senate: Is there an absolutely firm commitment to initiate construction of the Polar 8 icebreaker in British Columbia in 1990? The responsible minister is not even talking these days about where this ship is going to be built. Are we going to have another continuation of the excuses that serve only to further erode the confidence of the people on the west coast in the Government of Canada?

Senator Frith: I would bet on the excuses, personally.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is more than a commitment—it is a priority. The short answer to the question put forward by my honourable friend is that we look forward confidently to completing the contract definition phase of this project by the end of this year and moving into the construction phase early next year.

Senator Perrault: But, honourable senators, what is the Conservative definition of the word "priority"? That word was first used three or four years ago when we were talking about this project. What does "priority" really mean in the murky lexicon of the Conservative Party? Perhaps we could be enlightened on that point.

This project would involve 1,000 men and would have a wage bill alone of \$120 million over three years—a wage bill that would make it unnecessary for many of these workers, men and women, to go on unemployment insurance or on social welfare. The government again says that this project is a priority. If, in fact, by the word "priority" the Leader of the Government means to say that it will be dealt with the way it has been prioritized over the past three years, then we have plenty to worry about.

Senator Murray: Honourable senators, let me put it this way: The Polar 8 icebreaker project is consistent with the important values of this government: first, Canadian Arctic sovereignty; second, scientific support, and, third, environmen-

tal protection. Those are three very good reasons—which accord, as I say, with the values of this government—why the Polar 8 icebreaker is a priority project with us.

• (1410)

Senator Perrault: The Leader of the Government has eloquently stated all the reasons why we should be moving immediately, and not postponing it.

Senator Murray: I should like to say to the honourable senator that there is a process involved here. As I have suggested to him, the matter of the change in ownership must be resolved, after which the project office would be in a position to complete what I have referred to as a contract definition phase with the new owners. Then there would have to be negotiations on cost reduction, leading to a submission of their proposal and offer for construction.

Senator Perrault: I should like to ask a supplementary question. Would the Leader of the Government provide us with examples of other major shipbuilding contracts which are similarly being delayed while they are being given further consideration? Please name the provinces and the companies involved.

Senator Murray: Honourable senators, it is disappointing for me to find the honourable senator trying to play regional politics with this matter. We understand its regional importance, but it is a matter of importance nationally for the reasons I have outlined. That is why it has a national priority with us.

The honourable senator will not be unaware, however, that there are particular concerns and considerations with regard to this project and that these have to do with, among other things, the proposed change of ownership of Versatile. These are rather complex matters that are being resolved, but which do enter into the mix at the moment.

The short answer to all the questions is that we hope and expect that the contract definition phase will be completed by the end of this year and that we will be into the construction phase early next year.

Senator Perrault: Would the leader clarify whether or not British Columbia will get that contract?

Senator Murray: Honourable senators, when there are announcements to be made on that matter, they will be made by the appropriate minister in the appropriate way.

Senator Perrault: Do you see? There is more waffling! There was a commitment made to the Province of British Columbia. A number of ministers paraded on to the platform and said, "This is what the Conservative government is doing for British Columbia." Now we cannot even get a commitment from the Leader of the Government that the ship is going to be built in the province of British Columbia. That is shocking.

Senator Murray: If I understood the honourable senator's final question on this matter correctly, and perhaps I did not, he is asking me to make a commitment that would be premature and irresponsible on my part at this time.

[Senator Murray.]

Senator Perrault: It would be responsible of the minister to state explicitly and firmly, for the knowledge and comprehension of the people of the west coast, whether or not in fact this ship is going to be even built on the west coast. We do not need anymore surprises out there.

FISHERIES

USE OF DRIFT NETS BY FOREIGN VESSELS—DAMAGE TO CANADIAN FISH STOCKS—REQUEST FOR REPORT

Hon. Raymond J. Perrault: I should like to ask the Leader of the Government a question on drift nets. The drift nets being employed by some countries offshore are clearly resulting in the interception of valuable Canadian fish species such as the salmon. An interim agreement has been made with certain countries that they can continue their drift-net fishing for a certain test period.

Will the Leader of the Government bring to this house a report with respect to the damage being caused by these drift nets? What priority is the government giving to finding a solution to the problem of drift-net interception?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the Right Honourable Secretary of State for External Affairs answered several questions on this very matter in the House of Commons the other day. However, I will obtain a report from him and bring it into the house as soon as I can.

FINANCE

NATIONAL SALES TAX—POSITION OF QUEBEC—ABILITY OF GOVERNMENT LEADER TO ANSWER QUESTIONS IN THE SENATE

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that I believe he will probably be able to answer with a yes or no.

The Premier of Quebec appears to have declared war on the proposed national sales tax and has already opened recruiting offices in other provinces. Because of his responsibility for federal-provincial relations, will the Leader of the Government be able to answer questions to us directly, rather than requiring reference to another minister? I am sure he will share his responsibility with another minister, but I should like to know whether he will be engaged in that drama, to mix a metaphor, as it evolves, because of his responsibility, or will have to refer to colleagues for the answers to questions.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am unaware of any drama surrounding this matter. The honourable senator knows that the Minister of Finance is responsible for fiscal policy. The announcement of the federal goods and services tax was made in the Budget of the Minister of Finance a couple of weeks ago, and he is obviously the lead minister on that matter.

I will, as I do on all matters, endeavour to answer such questions as I can when I am confident that I have the full information involved, and when I am not so confident I will take the question as notice and ask for a report from my colleague.

Senator Frith: The implication is that the Leader of the Government in the Senate will be actively engaged in the question of any provincial resistance to the national sales tax.

Senator Murray: Well, honourable senators, I am a member of the cabinet. I am also the minister responsible for federal-provincial relations and, therefore, have a special interest in all that affects the provinces. Nevertheless, when there are discussions of this matter, they take place—as they did the other evening over dinner—between the Minister of Finance and his counterparts from the provinces.

Senator Frith: But were you at the dinner?

Senator Murray: No; of course not.

HEALTH

THE SENATE -ANTI-SMOKING REGULATIONS

Hon. Stanley Haidasz: Honourable senators, in the last session we gave third reading to two important health bills, Bills C-51 and C-204, with regard to protection of federal employees from the effects of tobacco smoking. One month ago we received a copy of the regulations on smoking in this building from the Speaker of the House of Commons.

A month has passed and we have not received anything from the responsible authorities in the Senate on implementing anti-smoking regulations. Perhaps whoever has the responsibility of issuing such regulations could answer the question as to why there has been no communication from the Senate authorities with regard to the smoking of tobacco in this building.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I will take the question as notice for whoever is responsible.

I trust that the honourable senator, in view of his interest in this subject, has observed that Mr. Wilson's Budget, and in particular the taxes on tobacco, have been warmly welcomed by the Canadian Cancer Society and others who are interested in this matter.

Senator Haidasz: Perhaps I can also bring this question to the attention of the chairman of the Standing Committee on Internal Economy, Budgets and Administration, since he is present in the chamber this afternoon. Can he tell us when we can expect any regulations with regard to the implementation of the anti-smoking bill in this part of the Parliament Buildings, in view of the fact that we received the regulations from the Speaker of the other place a month ago?

• (1420)

Hon. Roméo LeBlanc: As a former heavy smoker, I will give this matter all the attention it deserves.

Senator McElman: I would ask whomever he finds responsible for procrastinating to please encourage him.

SOLICITOR GENERAL

NATURE OF INQUIRY INTO GRANTING OF TEMPORARY UNESCORTED ABSENCE PASS

Hon. Earl A. Hastings: Honourable senators, my question is for the Leader of the Government in the Senate and pertains to the appointment of a Mr. Weir of Edmonton to carry out an inquiry into the granting of a temporary unescorted absence pass that resulted in the escape and subsequent conviction of an inmate, Gingras, at an Edmonton institution.

Is this inquiry to be carried out as an inquiry under the Canadian Penitentiary Act by the commissioner or is it to be carried out under the Public Inquiries Act?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I shall make inquiries, honourable senators.

Senator Hastings: I would ask the honourable Leader of the Government if he would, while making his inquiries, draw to the attention of his colleague, the Solicitor General of Canada, the fact that there already has been an inquiry carried out under the auspices of the Commissioner of Penitentiaries, which has drawn certain conclusions and rectified the situation. Therefore, another inquiry under the same act would really solve nothing whatsoever.

However, if the inquiry is to receive the public attention it deserves, it should be held under the Public Inquiries Act.

Senator Murray: Honourable senators, I shall convey those representations to my colleague.

TRANSPORT

NORTHUMBERLAND STRAIT—MEMBERSHIP OF PANEL TO STUDY ENVIRONMENTAL IMPACT OF PROPOSED FIXED CROSSING—REPORTING DATE

Hon. John B. Stewart: Honourable senators, the Leader of the Government in the Senate will not be surprised by my question. I read in the papers that the government has appointed a public servant based, I believe, in Halifax to be the chairman of a public inquiry into environmental considerations related to the proposed fixed link between Prince Edward Island and the balance of Canada.

I wonder if the Leader of the Government could perhaps, at an early date, tell us who are the members of that commission of inquiry, or whatever it is properly named, and the terms of reference of that inquiry.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the chairman is Dr. David H. Barnes, who is director of the Atlantic Region of the Federal Environmental Assessment Review Office. He also chairs the panel examining military flying activities in Labrador and Quebec. Members of the commission are Mr. Ira M. Beattie, a structural civil

engineer and professor emeritus in the Department of Civil Engineering at the University of New Brunswick; Ms. Catherine Edward, who assists the director of the Institute of Island Studies in Charlottetown in organizing public hearings for the institute. She is vice-chairman of the Prince Edward Island Environmental Advisory Council; M. Gilles Thériault, president and executive director of GTA Fisheries Consultants in Shediac, New Brunswick; Dr. Ronald H. Loucks, president of R.H. Loucks Oceanology Limited, a consulting firm located in Halifax; and Ms. Carol Livingstone, an instructor in a job entry program at Holland College, Prince Edward Island.

Honourable senators, while I do not have the terms of reference in front of me, I am informed that those terms of reference instruct the panel to focus on the environmental and socioeconomic effects of a bridge crossing; the panel may also, at its discretion, examine the effects of other conceptual solutions, including a road tunnel. The panel may also evaluate the rationale for excluding such solutions. The review was requested by the Minister of Public Works, Mr. MacKay. I will see if there is a text immediately available of the terms of reference for that panel and, if so, I shall send it to my honourable friend immediately.

Senator Stewart: I compliment the honourable minister for having that information at his fingertips. May I ask him whether a date has been specified before which the commission is to report? Is it within a year or 18 months? I am not asking for specific information. Could we be given some indication of the length of time to be made available to the commission?

Senator Murray: Honourable senators, I am informed that the report is expected in about a year's time. Of course, it will be made public.

THE ENVIRONMENT

DESTRUCTION OF PCBs—REPORTED QUEBEC-ALBERTA AGREEMENT—REQUEST FOR TRANSPORTATION DETAILS

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate. It has been eight months since the warehouse fire at St-Basile-le-Grand. We have heard recently reports that the Provinces of Quebec and Alberta have arrived at an agreement regarding the destruction of 3,000 barrels of PCBs. Will the Leader of the Government confirm that the two provinces have in fact made this arrangement and, if so, will he give us details of how and when these materials will be transported and who will monitor their transport across Canada?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I cannot do so today, but I shall inquire to see what information on this matter I can place before the Senate.

REGULATIONS FOR TRANSPORTATION OF PCBs

Hon. Colin Kenny: On September 21 last I asked the Leader of the Government when the government planned to bring in regulations governing the transport of PCBs. The following

[Senator Murray.]

day you, sir, advised us that you would be tabling the regulations under the Transportation of Dangerous Goods Act the following week. This has not happened. Can the leader tell us when he will be tabling these regulations?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries of my colleague, Mr. Lucien Bouchard.

SOLICITOR GENERAL

NATURE OF INQUIRY INTO GRANTING OF TEMPORARY UNESCORTED ABSENCE PASS

Hon. Earl A. Hastings: Honourable senators, my question is really supplementary to the question asked by Senator Stewart. He did so well with respect to his question with regard to Prince Edward Island, I am wondering whether the honourable leader might check his book and see if there is anything in it with respect to the inquiry I just made with regard to the city of Edmonton and the province of Alberta?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, there is nothing.

Senator Hastings: Discrimination!

HOUSING

STATEMENT BY MINISTER—GOVERNMENT POLICY

Hon. Raymond J. Perrault: Honourable senators, I should like to ask my final question today of the Leader of the Government.

Senator Phillips: Your plane leaves in half an hour.

Senator Perrault: Just imagine; you will be 30 minutes wiser if you listen to what I have to say. Isn't that something for rejoicing?

Senator Phillips: I haven't found that to be the case in the past 12 years.

Senator Perrault: Some stones are harder to penetrate than others and they need the constant drip, drip, drip of moisture to be penetrated.

Senator Phillips: You're a real drip!

Senator Frith: That is a dangerous metaphor.

Senator Perrault: It is very sound when you think about it.

In terms of the housing situation, the west coast has been in a state of emergency. That has also been the case for many people in other provinces. This week, speaking in north Toronto, the federal Minister of State for Housing, Alan Redway, said that his government wanted plain, old-fashioned honesty. He went on to say:

I urge you to give me heck . . . Give the government a blast. That's the only way we're going to get anywhere,

Was Mr. Redway reflecting official federal government policy? Should Canadians engage in blasting a particular ministry before they can expect any action?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I think Mr. Redway was reflecting the fact that he has only been in the cabinet for several months. I am sure that he will soon tire of that line.

Senator Steuart: Or be gone!

DELAYED ANSWERS TO ORAL QUESTIONS THE ENVIRONMENT

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Orville H. Phillips: Honourable senators, I have delayed answers to two questions. The first answer is to a question raised on May 4, 1989, by the Honourable Senator Denis regarding the Environment—Air Pollution on Parliament Hill—Prime Minister's Limousine Cortège.

(The answer follows:)

The Prime Minister's limousine and accompanying security cars have recently been parked on the east side of the Centre Block while awaiting the departure of the Prime Minister. The vehicles are left idling outside the office windows of some honourable senators on the first floor and the cortège obstructs the Senate freight entrance. Individual senators have complained, the matter was raised at the meeting of the Internal Economy, Budgets and Administration Committee on May 4 and a question was asked in the Senate on May 4.

On May 5, at the direction of the Gentleman Usher of the Black Rod in the Senate, the matter was referred for resolution to Staff Sergeant Gagnon, the non-commissioned officer in charge of operations of the PM detail who was provided with the texts of the interventions in the Internal Economy Committee, the Senate and the Senators' complaints.

THE ECONOMY

ATLANTIC PROVINCES—IMPACT OF REDUCTION OF FREIGHT ASSISTANCE PROGRAMS

Hon. Orville H. Phillips: Honourable senators, I have an answer to a question raised on April 19, 1989, by the Honourable Charles McElman regarding the Economy—Atlantic Provinces—Impact of Reduction on Freight Assistance Programs.

Hon. Charles McElman: If it is not too long, would you read it into the record, please?

• (1430)

Senator Phillips: As requested by Senator McElman, I will read the answer. It is as follows:

I am sure the Honourable Senator is aware that the budget did not in any way touch or "interfere with" the Maritime Freight Rates Act (MFRA) or the Atlantic Region Freight Assistance Act (ARFAA).

I hope that was not too long.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Senator McElman is rising to give credit where credit is due.

Senator McElman: In keeping with my commitment, I thank the honourable leader for his representations and hope he will continue to make them, so there will not be any inroads in the future.

Senator Murray: I will certainly convey my honourable friend's congratulations to Mr. Wilson, who will add them to the large pile of congratulatory and laudatory sentiments he is receiving.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE— DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Barootes*).

Hon. Efstathios William Barootes: Honourable senators, before I begin I should like you to observe the badge I am wearing today. This is not an NDP badge. It is, in fact, in honour of this week, which is Nurses Appreciation Week in Canada.

Hon. Senators: Hear, hear!

Senator Barootes: The badge reminds us that "Canada's Nurses Promote Child Health." I bring it to your attention because I am going to speak about health problems today and I should like you to be aware of the fact that the nursing profession is the largest health profession in Canada. At the bedside and in the hospital they are probably the most important of our health professionals and closer to the patients than anyone else. They are probably less appreciated than they should be and are certainly the most underpaid of all the health care professionals in Canada.

Some Hon. Senators: Hear, hear!

Senator Barootes: In bringing this to your attention, I ask you to carry out a motto I have, and that is: Hug a nurse every day.

Some Hon. Senators: Oh, oh!

Senator Barootes: I do that when I am home, because my wife is a nurse.

Senator Frith: Would the honourable senator submit, as an appendix, his authority to make that suggestion?

Senator Barootes: Honourable senators, I rise to speak in support of the proposition put to us recently by Senator David, to congratulate him on the excellence of his preparation and report and, particularly, to draw attention to the profound research paper prepared by Mrs. Mary Colbran-Smith. I should also like to take the opportunity to thank those who have engaged in this debate, and particularly the very prudent and well-thought-out remarks made by Senator De Bané.

Honourable senators, since Saskatchewan has been, in this century, the crucible, the social laboratory for health care changes in North America, it may be that those of us who are citizens or politicians—and I notice that both Senators Steuart and Buckwold have left—or those who have been in the health profession in Saskatchewan might have something to say which could contribute to these discussions.

Many of the pioneering schemes that originated in Saskatchewan in the past 50 years have done so because of necessity. That necessity was brought on by our geography, our climate, our sparse population and, in the past, should I say, our inadequate communication and transportation systems.

For a Saskatchewan program to be successful—and I think this applies to all health programs in Canada—two things are necessary. First, there must be a demonstrated need. This makes for public acceptability. Second, there must be a mutual trust between those who are structuring and administering that program and those who, on the other hand, are providing the service.

I should like to give honourable senators some Saskatchewan examples that met these two criteria. In 1916 a municipal doctors' plan was originated, which provided that municipalities could raise tax money to pay to obtain and retain a position in their area. That plan continued until recent years. In the 1920s a very unique anti-tuberculosis program—

Senator Frith: Very unique?

Senator Barootes: Unique.

Senator Frith: Yes; not "very unique."

Senator Barootes: Quite unique, as a matter of fact.

Senator Frith: No. The thing is either unique or not unique.

Senator Barootes: We do not wish to talk in either superlatives or absolutes. A unique program of the Anti-Tuberculosis League of Saskatchewan was originated by citizens and doctors. It provided care against the white plague without charge upon those who were receiving the service.

In the 1930s an innovative and superb program of cancer clinics originated in Saskatchewan, which has been copied elsewhere and which brought to us free treatment for those who suffered from malignancy.

In those programs it was recognized that there could be a devastating economic and social impact on a family where the

homemaker or the breadwinner was struck with one of these diseases. That was the criterion which seemed to hold so well.

Then in the 1940s along came a new regime in Saskatchewan, with Mr. Douglas as our premier, and further firsts in North America were achieved. The first health care program for a needs group was established in 1944. That was for the elderly indigent, for the blind, for those on mothers' allowance, and others with chronic and long-term disabilities. The cost of that program was shared virtually equally between the medical profession and the government of the day.

Then along came another first for North America. When the depression struck, there was an area of Swift Current that was virtually a desert. However, 50,000 people were placed and, if you will, did well under the first universal, compulsory, comprehensive, health care scheme on this continent. It flourished. In addition to that, they included with it dental care for certain age groups. Because of our difficulties with transportation, an air ambulance was instituted—another first.

Finally, a great first in 1947: The first total hospitalization plan in any area in North America.

In 1958, some ten or eleven years later, Diefenbaker's government introduced the National Hospitalization and Diagnostic Services Plan.

Senator Haidasz: It was introduced by St. Laurent.

Senator Barootes: It was promulgated and instituted during the regime of Mr. Diefenbaker in 1958.

Senator Haidasz: But initiated by the Liberal government of St. Laurent.

Senator Barootes: We will not quarrel about who gets the credit, but let us say it did come into being in 1958, initiated Lord knows how many years before, having been discussed since 1942 by the federal government and in the House of Commons. In any event, it did come into being, and with it came to Saskatchewan a windfall of \$12 million, because it was now a shared-cost program, whereas before the province was entirely responsible for it. That gave Tommy Douglas and his government the opportunity to propose his life-long objective of a universal, comprehensive, publicly administered, medical care scheme for all of the people of Saskatchewan. I might add that that was immediately prior to an election and that he won that election with an increased majority in the legislature.

● (1440)

But the scheme almost died aborning. Douglas's medicare program almost aborted before its birth, because there arose in 1961 and 1962 the perception among some people in our province that it did not answer the two criteria of a demonstrated need and mutual trust, because by that time there had developed a great many programs and a considerable coverage through doctor-sponsored, voluntary, health care schemes, which perhaps helped ameliorate the need, and because the mutual trust—which is so necessary between the government of the day and the administrators of the program and those who are providing it, the doctors—totally broken down. In my

opinion, the blame for this breakdown in the mutual trust that had previously existed lay with both sides, those who opposed the program and those who were promoting it.

Nevertheless, honourable senators, despite this strong opposition from some citizens' groups and an almost unprecedented withdrawal of office services by physicians for 23 days in 1962, the program was instituted on the basis of a compromise that was reached between the two quarrelling parties. A modified medicare program was instituted on July 23, 1962.

Let me indicate the importance of this bit of history. As with the Saskatchewan Hospitalization Plan, the medicare plan became a model, which was adopted almost holus-bolus by every province in Canada in subsequent years, from 1968 to 1971, when the federal share-costing for medicare schemes came into being. The only exception to this was Quebec, where some structural changes were introduced by that government.

Then the Canada Health Act, of which Senator David has spoken, came into being in 1984. It has, by its nature, essentially changed these provincial programs from the form of the Saskatchewan plan, and, by fiscal persuasion, plans have been made to conform more or less to the Quebec plan itself.

Honourable senators, my close association with these universal programs, virtually from the beginning—and I have the scars to prove it—suggests that there are certain observations and conclusions which should now be acknowledged.

Let me state some points on the positive side.

First, universal health care programs are here to stay. Despite occasional and sometimes frequent little glitches, they are very popular with our citizens—perhaps 99 per cent so, and probably 90 to 95 per cent popular with the physicians themselves. I think doctors would rebel if we went back to the old system. That is hard for me to say, I might add.

Second, a major diminution in benefits or transfer of the costs to the user is political suicide. Our Premier Thatcher tried this in the late 1960s, and it is said that his application of small utilization fees at the level of house and office visits may have been the major cause of his defeat in 1971. I think Senator Argue may agree with that. I believe that it is easier for a political party to abolish Christmas and Santa Claus than it is to abolish medicare programs.

Third, the fear that doctors expressed that they would lose their professional freedom, and that they would become virtually civil servants conscripted to service, has not been borne out. Individual doctors, in my experience, continue to make individual medical judgments on therapeutics and on investigative procedures with their individual patients without direct interference. Any frustrations that we, as doctors, may have experienced in this regard did not come from individual applications, but perhaps from the overall paucity of funding for our institutions and for our services, which really amounted to central rationing. It did not apply in my individual judgment cases.

Fourth, that sacred doctor-patient relationship, which we all revere, seems to have been preserved in individual cases. The

family physician and his patient still retain that close and holy bond that they had before.

By and large, the universal programs seem not to have directly interfered with the self government of our profession—to licence, to set standards, to enforce them, and to use discipline.

Fifth, point-of-service payments, or utilization fees, or co-insurance, whatever term you wish to use, if not introduced at the initiation of a plan, can only be imposed subsequently at the risk of political peril.

Sixth, it is politically impossible to retrench or to remove a benefit once it has been conferred on the public.

Seventh, universal benefits will be extended at these quadrennial auctions that we quaintly label as elections in Canada, with the offer of additional benefits in drug and dental programs, optometric and chiropractic service, home nursing, housekeeping, podiatric services—there is no end to them—and I presume, finally, as with the garment workers in New York, universal funeral services. There is no end to the ingenuity of politicians at these provincial election auctions.

My eighth point is that we now recognize that utilization fees and costs will rise steeply with the introduction of a new, free health service and that this will level off and plateau after the third year. In the absence of point-of-service utilization fees, which the Canada Health Act now precludes, it becomes difficult, I believe, to inculcate a sense of judicious use of the service either in the provider or the user of the service. It becomes a "right" of the user and it becomes a "no-cost convenience" to the provider of the service. It is no-cost because, as I say, it is much easier for a physician to look after one or more patients in a hospital, who are not deathly ill, than to have to visit them at their homes or have them come to the physician's offices. This is what I call "convenience of service."

Therefore, honourable senators, I say that it will follow, as the night does the day, that central budgetary controls will be applied, and that these can only be applied with political safety to the providers of the services, who are the hospitals and the health professionals. I believe they will not be applied by governments against the patients, who happen also to be the voters.

This progressive range and extension of benefits will include reduction or cancellation of premiums, token premiums, which are usually brought in at the initiation of a plan. I now see that even the Province of Ontario is seriously thinking of doing away with these token premiums. Each of these new and progressive steps will add to the cost to the provincial treasury.

• (1450)

My ninth point has to do with some fallacies regarding these rising costs. It is now accepted that there will be an early precipitous rise in the first few years, which is easily explained. Perhaps it is fulfilling, in many instances, unmet needs. Secondly, perhaps there may be some overutilization by patients and some overservicing by a few doctors. But most important, the increase develops because patients and citizens

gradually develop a sophisticated sense in the use of these services as they become better educated as to what is available.

As the costs begin to flatten out in the fourth and fifth years, they will always remain a couple of percentage points above the CPI, because certain factors come to bear. Modern medical science and technology has continuously been introducing new and costly forms of investigation and therapy, all of which, in my opinion, are either life saving or reduce suffering, morbidity, pain and disability. This is especially true in our rapidly aging population in this country, because older people require much more in the way of care and treatment than do the people of younger age groups.

I recall what it was like 30 years ago when medicare and hospital care were much cheaper. Let me give you an example. In 1947 the Government of Saskatchewan brought in the Saskatchewan Hospital Services Plan, originally aimed to cost \$3.8 million. A review showed that it would cost probably \$5 million. In the first year the plan cost \$7.2 million, which is not quite double what the original expert estimate was. Last year that group of services—hospital services and chronic care—cost a little over \$700 million, which is 100 times what the original figure was in 1947. So these costs will rise.

But as I think back 30 years, we did not have the sophistication of the modern care that we get today. How many of you can recall an intensive care unit in the 1940s, or a surgical care unit, a cardiac care unit, a respiratory unit, a burn unit, or infant mortality care consisting of a pediatric and intensive care unit for premature babies? We just did not have them. Nor did we have, you will recall, cardiac surgery, coronary bypasses or organ transplants. Senator Steuart will tell you about his four hip replacements in the last eight years. We did not have any of those things, and they are, indeed, highly expensive and technologically difficult.

If I wanted to be really caustic, I could say to you that 30 years ago, Dr. Haidasz, we did not do 60,000 abortions annually in Canada. We did not do any, as a matter of fact. We did not perform any sterilizations on males and females, of which there are now thousands performed each year. To my lament, I have had to try to reverse sterilization operations in some patients who have decided that, instead of being sterile, they now desire to be fertile. So I say to you, ladies and gentlemen, there are a great many things today that add to the cost of health care and will progressively keep adding to it as we make substantial technological and scientific progress.

Honourable senators, as in all service industries, effectiveness cannot be judged by statistical parameters alone. But planning administrators attempt these quantum measurements through their computers in order to try to analyse quality, whereas, in fact, they are only estimating quantum. They do it because they seem to think that they will find some clue to the control of their costs.

As they do so, we become exposed to the problems and shortcomings that Senator David and Senator De Bané tried to outline for us last week. As administrators try to control utilization by rationing the quantity of services and facilities

[Senator Barroets.]

through fiscal starvation, this may lead to adulteration of quality of service, an item which, from yesterday's discussions, does not seem to bother Senator Gigantès; but it could lead to the debasement of dedicated health professionals and to a deterioration of the morale in our institutions. We will then experience the additional woes of even longer waiting lists, delays in the treatment of sicknesses that are not too serious at the beginning but which, over a period of time, can become critical and even fatal as patients wait their turn to be treated in hospitals.

Honourable senators, unfortunately, the tragedy is that in our reorganization and restructuring of the funding of our hospital and medical care schemes we now have but one, solitary, source of funds—a monopoly paymaster, if you will; a single holder of the purse. This makes it difficult, in many instances, for us to remobilize and resurrect some of the other avenues of funding which previously existed in our society.

As health professionals, we struggle to provide modern care in underfunded and obsolescent institutions that lack the modern technological and scientific equipment of other countries. As we are doing that, our governments are grappling with the means to reduce the expense on their treasuries. Annually they are engaging legions of health planners, social engineers and so-called medical economists to deliver them, if you will, from their self-created predicaments.

Unhappily, some of these experts, who a few years ago were accusing organized medicine of stifling competition in order to maintain their own high earnings, have now decided that a major determinant in the cost of health care is the number of physicians who are licensed to practice.

These government advisers have now switched their position and, in contrast to a few years ago, are recommending reductions in the enrolments of medical schools, and either they are erecting a medical iron curtain against immigrating doctors in order to decrease the number of physicians in practice or, as is being investigated in the province of Quebec, they are decreasing the number of funded hospital positions for internship for doctors. Unfortunately, they have failed to recognize that Canada has always been a gross importer of medical manpower, frequently from countries to whom it constitutes a serious loss of human resources. This reversal of policies in the 1970s has made me somewhat skeptical and, indeed, has destroyed for me the credibility of some of these self-annointed bureaucrat planners.

Now, the question arises: Is it possible for governments to contain, restrain and lower the cost of health services? That should be the subject of our committee's study. I say to you that it is very simple to do. Of course it can be done.

There are two major elements in the cost of health services. The first and major one is hospital and, if you will, nursing or chronic care institutions. Actually, 60 to 70 per cent of health dollars go into that component while 15 or 16 per cent go into physicians' care services, so the two taken together can add up to 80 or 85 per cent of health care costs.

● (1500)

Hospital costs could easily be reduced by limiting the number of beds for which the plans authorize payment—we could arbitrarily ration the number of beds that can be made available. This is a terrible thing to be able to say, but I can tell honourable senators that in my province, when I first began practising there, there were available 8.4 beds per 1,000 of population, which is exactly double what existed in Great Britain, where costs of health services are half of ours. We still retain a high bed-patient ratio per capita. We are wasting beds, as Senator David pointed out, by warehousing the elderly and chronically ill in these active care hospital beds. Honourable senators, I repeat that we could arbitrarily reduce the number of beds we pay for and that would reduce hospital costs substantially.

As to physicians' costs—the 16 per cent component—these are now, for all practical purposes, totally in the hands of the administrators of the plans. They undertake negotiations at periodic intervals, and these negotiations sometime fail. If they do, rates of payment, fee schedules or salaries can be legislated or mandated, as has been done for several years now. This is particularly true in Senator David's province and has been happening in Manitoba and in Saskatchewan as well. These administrators, then, can control the costs of approximately 80 to 85 per cent of the health dollars spent.

This autocratic action may not seem fair, and it may not be moral or ethical, but cost containment can be achieved. It may mean the demoralization of health workers. There may be some complaints from the sick, especially those who cannot get into hospital when they become dreadfully ill, but the holder of this purse can do this if he wants to. It may not be popular, however, and might even result in serious damage.

Honourable senators, in response to a criterion put forward yesterday by Senator Gigantès, I propose this dreadful and unappealing suggestion to you, which I hope will never come to pass. But if it does, we would then have satisfied the criterion he put forward, that being the provision of average, mediocre care for everyone.

Health scientists, researchers and skilled professionals will desert Canada. That's fine; but we will have achieved the provision of that kind of health care which he advocates. Canadians who need or want better care will have to fly to foreign centres, where they will receive the excellent attention that Senator Gigantès feels should not exist in Canada because it is not egalitarian. True, we will have established in Canada, through the satisfaction of his criterion, two standards of medical service—one for those who can afford to pay to leave the country and one for the average income or poorer members of society, who will have to do with what we can offer to them.

One of the difficulties about which Senator David spoke with such feeling the other day was the renewal of our health institutions and the replacement of their obsolete equipment, which, as senators know, is now extremely costly. The fault lies with the way in which hospital budgets are handled in many of our provinces. In most cases provision is made annually for an operating budget, but there is no provision—and I emphasize

that—there is no provision for depreciation and capital cost allowances, as there is in nearly all other industries. Therefore, when your buildings and equipment get worn out and need replacing, there is no sinking fund—no depreciation fund—with which you can replace that obsolete equipment or building that is falling apart. The institution must then go—and I use the word feelingly—begging, hat in hand, for funds from the monopoly paymaster. Or, as can happen in some of the larger, more affluent centres, they might depend on charitable institutions, foundations or corporate and public good will in an appeal. Even when they get that money from an appeal of a voluntary nature they must return to the hospital funding group of the government to explain that there are additional annual operating costs associated with the people who run the equipment, the space and the services that go with it. Again, they must argue to obtain those moneys.

It seems that our dependence on governments in this respect in the last 20 or 30 years has, to a considerable extent, lessened our community sense of self-reliance and self-sufficiency in many of our centres in Canada.

There are two or three other small aspects of our original plan in Saskatchewan where I believe we made errors in judgment. The original advisory committee on medical care to the Government of Saskatchewan in 1961 recommended the use of utilization fees in order to dampen utilization. These were not adopted by the plan. Today the Canada Health Act makes this fiscally irrelevant, because any savings made from utilization fees become offset by the federal contribution to the provincial plan. This aspect of service fees might be revisited with some reasonable investigation.

After our withdrawal of services on July 23, 1962, a settlement was made. It contained a clause which was put in there by two rather good thinking people. One was our Minister of Health at the time and the other was Lord Taylor, who came to mediate. They inserted a compulsory arbitration clause in case of a major dispute or disagreement on certain defined items. We signed that. Four days later, upon reviewing it, the medical profession repudiated it and it was removed.

That arbitrary clause was placed in there by these gentlemen on this rationale. The government of the day, or its agency, would be virtually the only paying agency. The medical profession would have the right to set the rates of compensation or the fee schedules, and if they did not agree, the government could legislate its will. Therefore, it seemed overdone on one side of the bargaining table to have it that way. If a major dispute came along and there was compulsory arbitration, one side would not get what it wanted and neither would the other side get what it wanted, but with a reasonable group of three arbitrators, including a judge or someone of that nature, an arrangement would be decided upon. At the time I thought that was not a bad idea, but it was rejected.

The second aspect of this is that in today's modern society, withdrawal of services by health professions is unacceptable to the public of Canada and to many of us in the profession. It has been done, but I do not think it should be done. It inflicts damage on the very people whom we are supposed to be

helping and shepherding back to health. Therefore, I say it might not be a bad idea, a *quid pro quo*, if the health profession gave up any right to withdrawal of services, which, in the old context, was the only hedge they had when the government could legislate its wishes. The health professions might well give up this right to withdrawal of services on the basis of major disputes as defined—whether it is the number of nurses in hospital, which has been the cause of many strikes, or inadequate nursing complement, inadequate salaries, or physicians with their fee schedules. Perhaps the *quid pro quo* could work. If the health profession rejected the opportunity to withdraw services, compulsory arbitration might well be the solution for those disputes, which hitherto have led to such great heartache.

Honourable senators, there is one other aspect I wish to make a remark about, and I do not know whether to use the expression “misuse” or “misunderstanding” of the buzz words “equal access to service.” This played a large part in Mr. Justice Emmett Hall’s second commission on health services, and it led to the Canada Health Act and to the removal of any kind of utilization fees, because he felt it removed equal access to service.

In a comprehensive universal health care program, benefits cannot be made equally accessible and available. It is not within the realm of reason to tell me that I could have treatment for a head injury in Inuvik or that I could equate the services available in the Arctic with those in downtown Ottawa or Metropolitan Toronto or the McGill Centre. In other words, geography and many other factors—distribution of facilities and personnel—do not make it possible for all Canadians to have immediate availability and access to service. We should disabuse ourselves of the idea that we are going to have cardiac surgeons and brain surgeons in the Arctic Circle or in northern Saskatchewan. There are going to be difficulties. However, we want to provide as good a service as possible with the facilities we now have available.

Honourable senators, for the reasons I have outlined and for many more, about which I could go on for another hour, if you wished, I believe that the proposal placed before us by Senator David is one to be commended and one to which we should give our full support.

This chamber, through one of its committees, should undertake a study of the evolution of costs of Canada’s health care system.

On motion of Senator Haidasz, debate adjourned.

• (1510)

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING
SITTINGS OF THE SENATE WITHDRAWN AND ORDER
DISCHARGED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stewart (*Antigonish-Guysborough*), seconded by the Honourable Senator Marsden:

[Senator Barrotes.]

That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o’clock in the afternoon on Tuesdays for the balance of the present session even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.—(*Honourable Senator Hastings*).

Hon. Earl A. Hastings: Honourable senators, I wish to yield to the Honourable Senator Stewart with respect to this motion.

Hon. John B. Stewart: Honourable senators, I have already spoken on this motion, but the prospects that the motion will succeed in a reasonable time seem very dim.

The Hon. the Speaker pro tempore: Honourable senators, I wish to point out that if the Honourable Senator Stewart speaks now, he will be closing the debate.

Senator Stewart: Honourable senators, as a consequence of what I have said, I request the consent of the Senate to have the motion withdrawn and the order discharged.

The Hon. the Speaker pro tempore: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion withdrawn and order discharged.

OFFICIAL REPORT

CORRECTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have been getting some totally unearned compliments for what has been described as an excellent speech given on May 4, 1989, on the subject of the environment, under the rubric of the Address in reply to the Speech from the Throne. I say “unearned,” because it appears in *Hansard* as if I had made this excellent speech on the environment, when, in fact, it was made by Senator Spivak.

This occurred because she opened her comments in French and I complimented her on her French. She then continued in English, but it does not show that she resumed the debate in English.

That error should be corrected, because, as she pointed out concerning the speech that I made on the subject of the address in reply, I made no reference to the environment. However, I did score a zero out of ten on a number of other subjects. She has advised me that on the subject of the environment she gives me a zero out of ten.

I hope that that correction will be made.

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Orville H. Phillips: Honourable senators, before moving the adjournment of the Senate, may I point out that it is hoped that the Finance Committee will begin its meeting earlier than scheduled?

Hon. Royce Frith (Deputy Leader of the Opposition): Yes. I am glad that Senator Phillips raised that point. We had been hoping to do so.

I have a message from the Clerk of the Committee that the witnesses are ready in room 256-S. Although we had planned

to meet at four o'clock, we would ask any members of the committee to go straight to room 256-S so that we can start earlier.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, MAY 11, 1989

THURSDAY, MAY 11, 1989 (Cont.)

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

NATIONAL FINANCE

256-S 11:00 a.m.

*The examination of the Main Estimates laid before Par-
liament for the fiscal year ending March 31, 1990*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 13

OFFICIAL REPORT
(HANSARD)

Thursday, May 11, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, May 11, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTH REPORT

Your Committee recommends that the pay scales of unrepresented employees be increased by 4% effective April 1, 1989.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

Hon. Roméo LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[Translation]

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Fernand E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, May 11, 1989

The Standing Senate Committee on National Finance has the honour to present its

SECOND REPORT

Your Committee, to which was referred Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, has, in obedience to the Order of Reference of Tuesday, May 9, 1989, examined the said Bill and reports as follows:

Whereas parliamentary control of public money is a fundamental principle of parliamentary democracy; and

Whereas, given the fact that the need for additional parliamentary authority for ordinary payments by the government was known from December 16, 1988, but Parliament was adjourned to March 6, 1989, and prorogued to meet April 3, 1989; and

Whereas the Bill would confirm certain payments in January, February and March, 1989, made by Governor General Special Warrants without parliamentary appropriation; and

Whereas the payments by the Governor General Special Warrants signed on April 1, 1989 were made without parliamentary appropriation;

Your Committee reports the Bill with the following amendment:

Page 3, clause 7:

Add, immediately after clause 7, the following clause:

"8. The payments made by the Special Warrants, signed by the Governor General on January 19, February 16, March 23 and April 1, 1989, shall be deemed to have been legal."

Respectfully submitted,

FERNAND E. LEBLANC
Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

Senator Leblanc (Saurel): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(c), I move that this report be now adopted.

I must apologize for the fact that copies for the senators are not yet available, because of the short time we had to present the report. I imagine someone at the Clerk's table could have some copies made and distribute them to honourable senators.

The Hon. the Speaker pro tempore: Before we move the motion, the Clerk Assistant told me he had already asked for copies to be made, and he says they will be here very shortly.

Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), Senator Leblanc (Saurel), seconded by Senator Robichaud, moved that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

[English]

Hon. Orville H. Phillips: Honourable senators, I rise on a point of order. This morning, if I understood the ruling of the law clerk in the National Finance Committee, he said the motion was out of order. That leaves me, as a layman in law, rather puzzled. I do not adopt the attitude of Mr. Eugene Forsey that the Supreme Court is wrong and that all of the legal advisers to the government are wrong. Rather, I find myself in a very difficult position. I have no desire to delay the proceedings in the Senate, but I feel the Chair should, before allowing discussion on the amendment, rule on whether the amendment is in order, and I would so ask the Chair to do.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, speaking on the point of order, the point raised by Mr. du Plessis was not that the proposed amendment was out of order. He disagreed with the wording of it and felt that it was ineffective, but he did not say it was not out of order, as I heard him. We had opinions expressed in the committee on the effectiveness of that proposed amendment. If Senator Phillips' discomfort and confusion is based on the fact that there was no debate in the committee and that no one disagreed with the effect of the amendment, then his discomfort is well placed. But Mr. du Plessis did not say that the amendment was out of order. That is not what occurred.

● (1410)

At any rate, it was a useful point of order, because it provided the time for copies of the report to be distributed.

The Hon. the Speaker pro tempore: I wish to thank honourable senators for having given me yesterday, at least, free from a request for a ruling on a point of order, thereby allowing me to get settled into my new temporary post.

It seems to me that what goes on in committee is not for the Senate itself to determine; committees are, in their capacity, masters of their own operations and, although we may or may not agree with the report of a committee, points of order raised in committee are not to be settled by the Speaker in the chamber.

Honourable senators, that is my ruling. If it is the wish of any senator to raise in the Senate itself the question whether this is a proper amendment, then I will ask for time to consult with the officials on the matter.

Senator Phillips: Honourable senators, without necessarily agreeing with the ruling of the Speaker concerning the committees—I feel that he is in error, but this is not the time to pursue that—I rise on a separate point of order on this same matter to ask the Chair now to rule on the legality of the amendment.

Senator Frith: Honourable senators, speaking to the first point of order, the reasons for it were expressed and the ruling of the Chair was that that objection was not well founded. I

would be glad to answer, or try to answer—certainly, to express my views upon—the second, or separate, point of order if I had some idea of the basis for it. I cannot help His Honour in making a decision on the basis of someone saying, “I think it is out of order.” It seems to me that, if that is what we are faced with, His Honour could probably find it in order “sur le champ”—on the spot, because there is no basis for the objection.

Hon. Henry D. Hicks: Perhaps Senator Phillips would expand upon his feeling that the amendment is not in order. I haven't the faintest idea why it is not in order.

Senator Phillips: I believe the committee heard evidence that the legal procedure was followed as far as the introduction of Bill C-14 was concerned. This amendment, in my opinion, is merely trying to state that the procedure followed was illegal. The amendment says that we are giving legality to an illegal act, when none occurred. That is the basis of my objection.

Senator Frith: Honourable senators, what Senator Phillips has said is certainly not irrelevant to the debate on the motion, but it is not a point of order. He can say that he is against this amendment because it implies that something illegal, in the constitutional or in any other sense, was done. He can say that he does not agree that something illegal was done. His comments are perfectly relevant to the motion to adopt the report, but they do not constitute a point of order as to the regularity of the motion.

Hon. Gerald R. Ottenheimer: Honourable senators, without having had an opportunity to research this at all, it would appear to me that probably the nub of the question is whether it is in order for the Senate to amend a financial bill.

Senator Frith: Oh, we could be here all day on that one!

Senator Ottenheimer: It appears to me that that is something the Chair would need to take into consideration and would be a very important matter in the determination of this point of order.

I do not intend to accept Senator Frith's invitation to be here all day on this, but, in the spirit of collegiality, I make this brief reference.

Senator Frith: Honourable senators, that is quite a different point. There is ample authority for the Senate's power to amend and deal with a money bill. In fact, it must deal with money bills, and included in its powers is the power to amend.

The only stipulation I know of to the contrary is a provision in the Standing Orders of the House of Commons, in which they, in my respectful submission, Your Honour, attempt to amend the Constitution of Canada by simply amending the Standing Orders of the House of Commons. There is no doubt that members of the House of Commons could be found to support the question raised by Senator Ottenheimer. I had hoped that there would be no members of the Senate who could be found to support such an unsubstantiated and, in my view, outrageous proposition.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

senators, I was not present this morning at the committee meeting. Do I understand that Your Honour has ruled or has reserved his judgment on one or other of the points that have been raised?

The Hon. the Speaker pro tempore: At this point I am listening to honourable senators to find out whether or not there is a point of order. I do not believe that what occurred in committee is the responsibility of the Speaker to rule on. That is a matter for the committee. Once the matter comes to the chamber, we can agree or disagree with what the committee has done.

However, I am listening now to honourable senators to see if indeed there is a point of order before us. I would point out to honourable senators that the Speaker is not here to interpret the law. The Speaker is here to interpret the rules of the Senate. The point of order, if there is one, must show that the rules of the Senate are not being followed. Then I would be in a position to rule. At the moment I do not see what rule of the Senate is being brought up as the point of order.

Senator Murray: I agree with you.

Hon. Louis-J. Robichaud: Honourable senators, I was going to make the suggestion that perhaps we could recess for five minutes in order that the Speaker might consider a ruling, but he has made the ruling that the matter is in order. The point raised by Senator Phillips was to the effect order.

I don't see what the fuss is all about. The opposition contends that something illegal was done and that this amendment is simply a process by which we render legal what was illegal. The legality of our process is questioned by Senator Phillips. I think we can carry on. I believe this is a good amendment, and I congratulate the committee on having produced a good report.

Some Hon. Senators: Hear, hear!

Senator McElman: Question!

The Hon. the Speaker pro tempore: Honourable senators, at this moment I find myself with an inability to rule, because I have not yet been presented with a rule that has been broken. Unless I am told by someone that a rule has been broken, and I am told which rule, I have no basis on which to rule on anything. Therefore, the debate can proceed.

Hon. Eymard G. Corbin: Honourable senators, I would accept the invitation of the Chair to point out to him that a rule of the Senate has just been broken. Rule 16(a) says:

(a) Senators shall not pass between the Chair and the Table;

While His Honour the Speaker was on his feet, an honourable senator did cross the chamber between the Chair and the Table.

Some Hon. Senators: Shame, shame!

Hon. Douglas D. Everett: Honourable senators, I apologize to the house for breaking the rules of the Senate and I apologize to His Honour for passing in front of his august presence.

[Senator Murray.]

The Hon. the Speaker pro tempore: At least that is one matter disposed of.

Senator Everett: I should say, honourable senators, that I did bow as I went by.

• (1420)

The Hon. the Speaker pro tempore: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), it is moved by the Honourable Senator Leblanc, seconded by the Honourable Senator Robichaud, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Duff Roblin: Honourable senators, I rise on a point of order—I hope it is a point of order, but certainly it is a suggestion—that those who support this amendment should give us the benefit of their opinions, because not all members of the Senate are members of the committee and the matter may come to them as a new proposition.

Senator Frith: Yes.

Senator Roblin: I hope that whoever believes this motion is a good thing will tell us why.

Senator Corbin: Or in the reverse!

Senator Frith: How can I resist such a polite invitation—and I did not say that sarcastically at all.

Honourable senators, first, let me place the report in context. It is based on a question that arose when the committee was dealing with the reference of this bill in evidence that was given by Dr. Forsey and his opinion as to the constitutionality of the use of Governor General's warrants, as confirmed by this legislation.

The issue is: Is the way in which the government has used Governor General's warrants in the present context constitutional? Dr. Forsey stated that he thought not and that it was unprecedented, because at no time in our history has a government used Governor General's warrants as authority to take money out of the Consolidated Revenue Fund when Parliament was in session and available to vote supply and on the basis of Estimates that had been presented to Parliament.

Honourable senators will remember that after the election Parliament was summoned, dealt with the business, and Supplementary Estimates were tabled. Therefore, the government told Parliament, "Here is what we foresee as our expenses." It did not, however, ask Parliament to vote any supply.

To use Governor General's warrants while Parliament is in session, although adjourned—as is done in Canada—is considered unusual in other countries. In Australia and England, and, as we were told by Doctor Forsey, in all parliamentary systems—we are apparently an anomaly in this sense—

Senator Barootes: We are very different!

Senator Frith: —if a government asks for dissolution it first asks for supply before it dissolves.

The problem here is that these were not urgent or unusual expenses. They were covered by the Supplementary Estimates and they were, therefore, for ordinary expenses. As Senator Roblin has pointed out to us, Dr. Forsey's proposition was that although Governor General's warrants for ordinary expenses have been used, they have been used in that period between dissolution and the recalling of Parliament. What made this situation unprecedented was that it was a breach of the basic principle that only Parliament can vote supply, and that the principle of responsible government actually gets in gear, or, to use the American expression, the rubber hits the road, when the government must come to Parliament to ask for money. Never before has a government called Parliament, presented Estimates, and then prorogued Parliament without taking advantage of the fact that Parliament was in session and could be asked for interim supply while it was there.

Senator Flynn: That was done in 1940.

Senator Frith: No, it was never done.

Senator Flynn: It was done in 1940.

Senator Frith: It was not done while Parliament was available. That was Dr. Forsey's proposition. The proposal that is contained in this amendment is the result of his suggestion that, by doing so, the government had created a danger that this kind of practice, namely, using Governor General's warrants while Parliament is in session for ordinary expenses of the government—and I emphasize, honourable senators, not unusual but ordinary expenses of the government—could lead to abuse. If, for example, this bill were allowed to pass as is, then, because it confirms and verifies those Governor General's warrants, someday some government could do the same thing based on this precedent.

In other words, someday some government could call Parliament and adjourn, because, remember, this is done on a government motion, or it could prorogue, which is also done by government recommendation, and—

Senator Flynn: Or dissolve.

Senator Frith: No. Dissolve would be different.

Senator Flynn: Ha, ha, ha!

Senator Frith: I tell you, honourable senators, there are very few people who are as easily amused as Senator Flynn—usually by his own jokes.

Senator Flynn: I have a sense of humour. I wish you had the same!

Senator Frith: In any event, it is comforting to know that he is listening. So I will have to start again.

Senator Flynn: I wish you would!

Senator Frith: Thank you. In fact, I am glad to have the opportunity to repeat this; I would be glad to say it two or three times or more.

The danger that Dr. Forsey sees is that, if we allowed this to become a precedent, then a future government could use it by saying: "Look, we have adjourned or prorogued Parliament for

six or seven months and we are going to use Governor General's warrants for ordinary expenses in the meantime." Then, when someone complained, the government could say: "But it was done in 1989 by Mr. de Cotret, with no objection." The precedent would exist that this had passed not just through the House but through Parliament, including the Senate, and that, therefore, there is nothing wrong with that procedure because a precedent had been created.

So we said to Dr. Forsey—and this brings me to the second of my three points—

Senator Barootes: That is a great fairy tale!

Senator Frith: I beg your pardon?

Senator Barootes: That is a fairy tale!

Senator Frith: Oh? What is a fairy tale?

Senator Barootes: Your version of what might happen.

Senator Frith: Very well. Honourable senators, a very important point has been raised by Senator Barootes. Imagine what might happen, what a government might do, if this exercise were thought to be a fairy tale. Think about that. That means that there is no need for a constitution.

• (1430)

Senator Stollery: Or Parliament either!

Senator Frith: Constitutions and laws are written on the assumption that something undesirable might happen and should therefore be prevented from happening. In fact, this point can be brought to bear on any question of constitutionality. The "Barootes formula."

Senator Perrault: That is mind boggling!

Senator Frith: Why do we say in the Constitution that Parliament has to meet once a year? That provision is there because a government might try to rule without Parliament. "A fairy tale," says Barootes!

Senator Barootes: The sky is falling!

Senator Frith: Why do we have the Charter of Rights and Freedoms? Why is it important to have a constitution at all? We wouldn't have these things if Senator Barootes were Prime Minister. He would say, "That's all a fairy tale. Don't bother me with your constitution. It is a fairy tale."

An Hon. Senator: Little Red Riding Hood!

Senator Barootes: The sky is falling!

Senator Perrault: Shame!

Senator Frith: Now, to go on without the Conservative answer to Hans Christian Andersen, we on this side do not think that having a constitution is unnecessary or that the possibility of abuse of power is a fairy tale. Senator Barootes does, but we don't. That is why we are proposing this amendment and I suppose that is why he voted against it.

Senator Denis: He is alone!

Senator Frith: We are proposing this amendment because, like Dr. Forsey, we believe that the precedent ought not to be

created. We asked Dr. Forsey, "If we want to be sure this does not become a precedent, what do we do?" He suggested that we reject the bill, send it back to the House of Commons, and invite them to re-introduce the bill with an amendment, using the formula that he offered, which we have included in this amendment.

We felt that, rather than sending the bill back to the House and asking it to pass another one including this provision, we ought to put in the amendment and give the House the chance to accept it.

Senator Guay: We didn't want to delay.

Senator Frith: Those are the reasons for this amendment. The reason for the somewhat, I admit, arcane wording is that that is the wording suggested to us by the person who saw the danger and who seems to be generally recognized, certainly on this side, as an expert in his field.

Senator Flynn: When it suits your purpose!

Senator Frith: The third question is: What is the effect of the amendment? The key word in the amendment is "deemed"; the use of Governor General's warrants, as I have described, will be "deemed" to have been legal. The reason that the word "deemed" is used, of course, is that you do not have to deem something as a fact, if it is a fact. In law you deem something, such as this circumstance, to be fact, and thereby purge an error. That is the purpose of this amendment and that is the effect of the amendment; it is to make sure that, if the government does not want this procedure to become a precedent, it merely has to accept the amendment. That is the effect and purpose of this amendment. Its purpose is not to deny the government supply but to make sure that the government does not obtain funds out of the Consolidated Revenue Fund this way in the future. I refer to this government and to any other government, Liberal or—surely there could be no other kind—but no government, no matter what its political stripe is, should be able to use this action as a precedent and say, "In 1989 Parliament, including the Senate, gave this dangerous precedent birth." For that reason, honourable senators, I ask you to support the amendment.

Some Hon. Senators: Hear, hear!

Senator Roblin: Honourable senators, I am afraid that for some of us what I have to say may be regarded as threshing old straw, because over the past few days, both in the house and in the committee, we have had a pretty thorough discussion of a number of aspects of policy and legality with respect to special warrants. However, I think it might still be useful to state some opinions which will not be universally admired by senators across the way.

Issues have been raised that are substantial and do deserve consideration. It may very well be that in the course of time we will decide that our method of handling special warrants is not perfect and that we should, perhaps, have recourse to the United Kingdom system, but I will leave that aside for one moment and will deal with the situation we have before us at the present time.

[Senator Frith.]

There are several issues which, I think, require some clarification. The first is the concept of what can be properly covered in a special warrant. Is it, indeed, an emergency item only that can be included in that kind of appropriation of public funds or does it really include much more than that, namely, the ongoing expenses of government which, by no unusual standard, would be regarded as emergency expenditures?

I point out to honourable senators that ever since the modern form of special warrant came into existence in the latter part of the last century—in 1896, I believe—every special warrant that has been passed since that day has included what would normally be regarded as the ongoing expenditures of government. So the term "urgency", which has been relied upon or referred to, has to be looked at with some caution.

In 1896 the Laurier administration passed two special warrants before Parliament met, one of which was passed the day before Parliament met and which covered the general expenses of government.

You can go on to the time when Mr. William Lyon Mackenzie King called the Parliament together in 1940, for five hours. Instead of taking the opportunity, as I think senator Frith would have advised him, to present Parliament on that occasion with the Supplementary Estimates he would need if he were going to adjourn the Parliament, he adjourned it anyway, without any reference to the sacred public expenditures, and did not produce any Supplementary Estimates required in that period. After the Parliament was adjourned, he then passed special warrants, which are recorded in the list of special warrants which Dr. Forsey has provided me. If you were to go from 1926 to 1979—

Senator Frith: He dissolved Parliament; he did not adjourn it.

Senator Roblin: Let me correct myself. That is correct; he dissolved Parliament. However, the point I am making is that he did not take advantage of the opportunity to produce a special warrant in order to cover himself during the period of dissolution. He did it afterwards, and that, in the minds of some, might be contempt of Parliament, by not applying to Parliament for the usual authority to spend money.

In all the special warrants from 1926 to 1979, and later, this same idea that special warrants could probably be extended to cover ongoing expenses of administration was accepted. As far as I know, in every one of those warrants that type of expenditure was contemplated and approved by Parliament. So, in my opinion, the argument we have been having as to whether the current set of special warrants could properly include expenditures of the kind I mentioned is one which could be resolved in the affirmative.

This is not a new issue. In 1926 Mr. Baldwin, MP, who was a member of my own party, complained about special warrants including payments for pictures to the National Gallery, which is the kind of objection raised by Senator Stewart.

Let us examine the special warrants that have been passed since those days. I have one for the 1979-1980 period, which I

will not quote, but I can simply tell honourable senators that in that special warrant were listed all kinds of ongoing expenditures.

So I think one has to say that there is plenty of precedent for including ongoing expenditures in special warrants. In fact, it is the normal course.

Senator Frith: During dissolution it is the normal course.

● (1440)

Senator Roblin: So we have now agreed that this is the case. I certainly think there is more acceptance of that idea now than there was before.

We now come to another proposition concerning urgency that I think deserves careful examination, and that is that different kinds of urgencies give rise to different kinds of special warrants. It was postulated for us by Dr. Forsey yesterday that there are really three tiers of special warrants: those that are issued after dissolution; those that are issued after prorogation; and those that are issued after an adjournment in accordance with the statute. Dr. Forsey said that those three types of special warrants are not the same and that they require a special criterion of urgency before items can be included in them.

I hope I have not misrepresented the situation in any way, but that is the way it came across to me—that is, that there were different kinds of special warrants and that the kind of urgency differs with the kind of warrant.

Philosophically, that may be an interesting proposition, and anyone is entitled to hold it, but one has to ask: What are the facts? Has a special warrant issued after dissolution differed in any particular way with respect to urgency from special warrants issued after prorogation? I suggest you cannot find any difference, and if you say, “Oh, yes, the special warrants that were issued during the adjournment of the House are quite different,” well, I think that is a debatable proposition, because why are special warrants issued during adjournments of the House? Because they are sanctioned by Parliament. That is the point that many of us seem to be overlooking in our objection to philosophical or constitutional matters that are legitimate.

We are overlooking the fact that Parliament has sanctioned the issue of special warrants during adjournments and that Parliament has not set any condition as to the matter of urgency or raised any question as to the content or form which the special warrant should have. That is a fact, and if governments take their action under the terms of the statute, I do not think it is proper to fault a government in any legal sense. You may say you do not like the statute; you may say that it ought to be changed; you may think that the rules are wrong; but I think those are separate propositions which could be debated separately and which might be the subject of an inquiry in this house for all I know.

In terms of the present situation, to maintain that there are three separate tiers of urgency with respect to these matters is a legitimate opinion, but, in my opinion, it does not accord with the legal facts before us or to the will of Parliament,

because, if Parliament had wished to have a special concept of urgency for warrants issued under section 30—and that is what has created a great deal of comment here—Parliament would have said so; if it did not say so, no one can say that what the government is doing in this case is improper. You may say that it is improper, but I think you must say that it is within the four corners of the statute. That is the matter that is before us now.

So we have the question of urgency and we have the question of the three tiers. I do not think that on any reasonable examination of the matter the government can be faulted for what it has done. You may like to say that you would like a new game plan for special warrants, and you may discuss that, but to criticize the administration for doing what it has done is a questionable proposition.

I want to come to one or two other points before I take my seat. There have been so many issues raised that one could go on for a long time, but that would be unfortunate, in my case, I assure you.

Let me put before you the idea that King Charles I is still alive, that his head has not been cut off, that he has come back to tax us without parliamentary sanction and without parliamentary consent and approval, and that we are exposing ourselves to a regime which might see the rights of Parliament and the control of the public purse reduced, ignored, bypassed, blocked and frustrated.

I think that is a serious proposition and one that has to be looked at seriously. What puzzles me is that those who take the view that King Charles I did not get his head cut off, in the metaphysical sense, seem to have attached their proposition to this particular set of special warrants that are before this house.

Fair game. The only thing is that ever since 1896, when special warrants that encompass a wide range of expenditures were first developed in this country, it has always been possible for an administration to do the nasty things that Senator Frith is concerned about and that Dr. Forsey has sketched so vividly for us. That has always been possible under the laws that have stood for these many years. Now, that has not been done, which is not to say that that will never be done, because one never knows. “Never” is a long, long time.

I think if anyone has any regard for conventions of Parliament, as I am sure we all have, if anyone has any regard for experience of parliamentary procedure, and I think we all have, if anyone has any interest in the actual history of what did happen as compared to what might have happened, then we find that those fears are, to say the least, somewhat exaggerated. If someone wants to come along to me and say, “Well, I am going to make very sure that nothing happens,” that is another proposition, but I have grave reservations whether this amendment has anything to do with that proposition at all and I intend to show that it does not.

But it seems to me that, when one considers that the ability to override the rights of Parliament has existed for the past 93 years, it is going a little far to say that we are on the threshold,

or in imminent danger, of this sort of thing happening now, particularly since the present administration did not do that. They did call Parliament back, and that is part of the financial bill we are dealing with. So, certainly the concerns expressed are not borne out either by experience or by the activities of the present administration or by those of any administration in the past.

While those fears are theoretically possible and are fears that would appeal to one with a logical mind—and I am sure we have many logical minds around here, it really seems quite unlikely from my point of view. It seems to me that one could say, “Well, the power exists.” Maybe it does. The power exists for the Governor General to dissolve us tomorrow, the power exists for the Governor General to call on somebody else to be Prime Minister, and to do a number of other things that reside in the royal prerogative—

Senator Frith: What a good idea!

Senator Roblin: It depends on whom the Governor General calls. If the Governor General called on me to be Prime Minister, I would be in favour of it for about 50 seconds. After that, I think I would decline.

But the point I am making is that, constitutionally, there are many possibilities.

Senator Frith: Consider yourself as having that length of term!

Senator Roblin: There are many possibilities, but none is likely. For example, Dr. Forsey told us that the Governor General ought to refuse to sign special warrants. Well, I suppose one could conceive of a situation where that might be a good idea, but, normally, one could hardly recommend that as a policy to follow. That is unlikely. So I say to you that displaying these fears about the revival of despotic executive government over the purse is stretching a rather long bow. I feel disinclined to become excited about that particular part of the argument that has been put forth by my honourable friends.

But let us suppose they are right. Let us suppose they are right on every count. Let us suppose they are right in thinking that the question of urgency is something that they have some qualms about. Let us consider that they may have a theoretical case to deal with this question of executive tyranny. What does this amendment have to do with those issues? I cannot see that it has anything to do with those issues. This amendment merely says that the statute, which is already approved in these special warrants, shall be deemed to have done something legal.

No one has suggested that the special warrant under section 30 is illegal in any serious sense. Some people have said they do not like that because they have concerns about the urgency question, but, in terms of legality, I think the government has acted within the four corners of the statute and, more than that, they have produced clause 3 of this bill we now have before us which they regard as being—and I am not a guru on this—redundant, unnecessary, covered by law already, but put in here for greater certainty and in order to bring the issue to

the attention of Parliament, which is commendable. Now we are coming along and saying that not only is that all right, but we are going to double-deem it. We are going to double-insure it. It is legal. It does not have to be in the bill. The government has put it in the bill for greater certainty, and we are coming along and saying that we are going to deem that the legal things that they have done are legal. Well, I do not see the force of that argument.

• (1450)

What has this got to do with the tyranny of the executive? I do not know how this is going to satisfy any of the complaints raised about the opportunity for a despotic government. It is not in this amendment. Maybe it should be, but it is not here. Regarding the other question of what “urgency” means, and what items should be contained in special warrants, or whether there should be different rules under the three stages I have mentioned on several occasions, that question is not covered in the amendment so far as I can see.

So I think this amendment is a nullity with respect to the intentions of the Senate to deal with the problems that have been raised. It seems to me that we would be well advised to forget this idea; if we have some real concerns about urgency or circumscribing special warrants or amending section 30 subsection (5) or dealing with executive tyranny, those things can be dealt with if this body wishes to do so, but I do not think they are covered in any way by this amendment.

At the risk of short-circuiting all of the many arguments that could be made on both sides of this issue, but to avoid detaining the house any further, I simply say that I do not think that this amendment deserves our support.

Some Hon. Senators: Hear, hear!

Senator Everett: Honourable senators, Senator Roblin bases his argument on precedent, but, first of all, I think we have to deal with the question of legality. What the amendment proposed here says is that the action of the government in using Governor General's special warrants shall be deemed to be legal. In other words, there is an implied suggestion, as Senator Frith has said, that the action is not necessarily legal. The word “deemed” is the operative word; that it shall be made right by the action in the statute itself.

Now, it is true that section 30 subsection (5) of the Financial Administration Act allows Parliament to use special warrants while it is adjourned, but it seems to me that there is a legal escalation that is to be found in the word “urgency”. Nobody disagrees that, when Parliament is dissolved and cannot be recalled until after an election, the normal expenses of government that have not been met may be met by special warrants. But if, as in this case, Parliament was either adjourned or prorogued and it can be recalled, then the definition of “urgency” escalates. Indeed, in this case, where Supplementary Estimates have been tabled, Parliament could easily have been called back to deal with the issue of supply. Therefore, there was no reason for the special warrants to be utilized.

But it goes further than just the legal aspect of it; it goes to the question of constitutional usage. It may be that a minister can state that this is an urgent matter, and it may be that Parliament has to accept the minister's statement, but constitutional usage goes further than that and precludes a government from utilizing the urgency argument beyond what could normally be intended. Where Parliament can be recalled, it seems to me that the government can only then ask for special warrants when there is a real urgency with a harmful result, not something that, in a dissolution sense, would be an ordinary, everyday expenditure of government.

So what we are really dealing with here is the convention and the usage; and, therefore, precedence, as Senator Roblin has stated, becomes very important. If we allow this precedent to hold, it will be utilized and relied on by other governments, thereby eroding the whole process of Parliament's control of supply.

It is interesting to note that the amendment does not purport to refuse government supply. It merely says that the process should be followed in the proper manner.

Senator Flynn: It does not say that!

Senator Hastings: Yes, it does.

Senator Everett: Yes, it most certainly does.

An Hon. Senator: It is implied.

Senator Everett: It states that the actions will be deemed to be legal, therefore indicating that on their own they are not legal, either in the pure legal sense or in the constitutional usage sense.

Senator Roblin says we do not have to worry that the powers exist and can be used at any time; we should rely on the fact that they will not be used. But we do not rely on the fact that powers will not be used; we always rely on precedent. We always fall back to that, and I can hear people saying in the future that in 1989 Parliament passed legislation that permitted the use of special warrants when Parliament was adjourned or prorogued.

But in that whole scenario Senator Roblin dismisses the Charles I argument. Our parliamentary democracy is based on the parliamentary control of supply. If that is eroded in any way we damage Parliament, and through damaging Parliament we damage democratic freedoms. So it is not an issue of trying to control the situation from the point of view of saying that there will be no supply. The supply bill is intact. It purely and simply is saying, "Don't use warrants for purposes that they could not possibly have been intended for." Use warrants—

Senator Flynn: If you wanted to say that, why didn't you say that?

Senator Everett: We have said it.

Senator Flynn: Certainly not!

Senator Everett: Most certainly we have! In using the word "deem" we have said just that. In any event, whether you agree that we have said it or not, the objective has been to say

that there is no precedent which permits the use of warrants when the House is adjourned or prorogued, unless there is a real and present discernible urgency. That is what we are saying, and it is an important issue in terms of parliamentary control of supply that that be established.

Some Hon. Senators: Hear, hear!

[Translation]

Hon. Jacques Flynn: Honourable senators, regarding the issue of the Governor General's warrants, I would like to comment first of all that when we say the House or Parliament controls the public purse, we are talking about a general principle that has been modified by the Financial Administration Act.

When a constitutional principle is changed by an Act of Parliament, the Act of Parliament prevails and the constitutional principle disappears. It is a lot of nonsense to use the initial principle, as Senator Frith and Senator Everett have done, to defend the rights of Parliament.

Parliament has told the government: You may proceed as indicated in the Financial Administration Act. It is your right.

This morning, our legal counsel said in committee that if we look at Section 30 of the Financial Administration Act, we see that by passing this legislation, Parliament (Parliament means you, us, the House and the Senate) said:

30. (1) Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, on the report of the President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may, by order, direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

What I am trying to say is that Parliament has given the Ministers the authority to establish this urgent requirement on the basis of the fact that there is no appropriation.

We have given that authority to the Ministers. It was delegated to them. And that is that. That is what our legal counsel said before the committee. We cannot say the warrants are illegal, because one minister decides whether they are urgently required and the other that the requirement exists because there is no appropriation. That's all.

As far as this amendment is concerned, it was interesting to hear the comments made by Senator Stewart (Antigonish-Guysborough). He is a constitutional expert. If he can find anything to criticize, I have no objection. As Senator Roblin said, we may want the Financial Administration Act to be something else, but if that is the case, then we should propose amendments to the legislation.

Having raised one point, however, Senator Stewart was like the sorcerer's apprentice. Once the point was raised, he could no longer control it. This has lead the Liberal Senate to revert

to its posturing at the beginning of the thirty-third Parliament. You will recall it had decided to obstruct the proceedings, to become partisan and to use its majority to play petty politics here in this Chamber. And I think that is the whole point of this exercise. There may be some members of the Liberal majority who sincerely believe there is a serious basis for the argument put forward by Senator Stewart and Senator Frith. I have no objection to that. But considering the legislation and the legal opinion we receive from our legal counsel, the only point that could be raised is whether the Financial Administration Act is or is not a good piece of legislation. But that is another matter.

A moment ago I said "if Parliament is not in session", so let us remember that for the purposes of this section, section 30(5) reads as follows:

Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

Unlike Senator Everett, this text does not establish a difference between dissolution, prorogation, or simple adjournment. It is the same thing. The text does not establish the difference in such situations. Parliament is deemed not to be in session in all these cases.

You are probably right when you say that it would be preferable to recall Parliament to vote supply. But whose responsibility is it? It is the responsibility of elected members. They alone can properly criticize that approach. They alone can censure the government for not doing that if, in their opinion, it would amount to abuse of rights conferred pursuant to the Financial Administration Act. It is not an abuse of the text. Perhaps it is the way you look at it. It is not an abuse of the legislation, but it might properly be a case of censuring the House of Commons by saying that we blame you, the government, for not recalling Parliament to ask us to vote supply. Very well. Or else you might say—and in the past you used to report the bill with comments—we do not appreciate the procedure you followed. But what would be much more practical and much more realistic would be for Senator Everett, for example, to introduce amendments to the Financial Administration Act. He might say, for instance, that the Governor General cannot sign a warrant when Parliament is simply adjourned. You might amend the act to that extent. It does not say that now. If you are not satisfied with the act, amend it, but do not make a mountain out of a molehill.

● (1500)

[English]

Senator Everett: That is what we are saying to the government. We are saying: "By all means change the usage."

Senator Flynn: Well, if that is what you want to say, then say it clearly, but don't say it the way you do here.

Senator Everett: The question is whether it is effective. As long as it is effective in bringing about a change, then we have accomplished something.

[Senator Flynn.]

Senator Flynn: I can tell senators how it will be effective. The honourable senator knows very well that the way to correct the situation is through a vote of non-confidence in the House of Commons to provoke an election, or it is for the electorate to defeat the government. That is the way to do it. When the government is operating within the terms of the law, those are the remedies.

[Translation]

Let us not imagine such absolutely fantastic situations as our venerable friend Senator Forsey described to us when he testified before the National Finance Committee. He even went so far as to suggest that the Senate should reject this Bill.

We see clearly that Senator Frith did not want to follow this advice and I understand why. Imagine the situation in which we would find ourselves!

As Senator Roblin said, this amendment is redundant in itself because clause 3 of the Bill says that the warrants are hereby confirmed. Clause 3 is even superfluous, according to Treasury Board.

Furthermore, it is illegal and irregular, as the Senate legal adviser explained to us. We would be taking a stand against a clear statement in the Financial Administration Act.

To answer Senator Everett's argument, I say that this amendment is offensive. It is an insult first of all to the Government and to the Minister who has asked us to authorize the warrants. The Minister has the responsibility of deciding whether the conditions specified in the Act are met. We are going against his decision.

As I was saying, normally a motion of censure is used to criticize the Government.

It is also offensive to the House of Commons because the House has ratified these warrants. It took ten minutes to pass this Bill. This matter was not raised. Neither was the question raised, Senator Everett and honourable senators, by the leaders of the two Opposition parties while Parliament was adjourned. Neither of them criticized the Government for not recalling Parliament to vote the supply motions.

You insult the House of Commons and you also insult your own Liberal friends in the House of Commons who accepted these warrants and were satisfied not to have been recalled.

They were satisfied with not having been recalled, I repeat. You cannot deny that.

If we conducted a little investigation, perhaps we would find even more explicit complicity than the implicit complicity to which I refer.

I also say that it is an affront to the Governor General, no doubt about it. I shall not stress this point.

Hon. Senators: No!

● (1510)

[English]

Senator Frith: And perhaps the Queen or Mr. Gorbachev or President Bush. Why stop? Perhaps Senator Phillips or Senator Walker.

[Translation]

Senator Flynn: It's also an insult to the Senate's intelligence. You are insulting yourself!

I will repeat it in any case. It is the exclusive responsibility of the House of Commons to adopt a motion of censure on the Government. The amendment you are proposing implies a motion of censure on the Government and it is not the Senate's responsibility.

[English]

Senator Everett: It is as if they do not follow the proper process.

Senator Stanbury: Who else is going to do it?

Senator Flynn: If they have accepted the ratification in the other place, and they have as evidenced by clause 3 of Bill C-14, it is their responsibility. It is not the responsibility of the non-elected chamber to lecture—

Senator Stanbury: Then let's adjourn.

Senator Flynn: Wait a minute! It is not your responsibility to lecture the elected House in matters of supply.

Senator Everett: But we are not lecturing them.

Senator Flynn: Yes, you are!

Senator Everett: We are, in effect, saying: "Follow the proper process."

Senator Flynn: That is your view, but you have not been able to prove it. You have invoked principles that have been set aside by the Financial Administration Act. You have not been able to deny the fact that the legislation gives the minister and the Governor General complete discretion in this matter.

Senator Everett: And you have not been able to deny the fact that this is a misuse of Governor General's special warrants.

Senator Flynn: You do not know that. You may have your opinion, but, if it is Parliament that has given that authority to the minister and the Governor General, blame yourself; blame the law. Change the law. But don't send to the House of Commons the kind of stupid amendment we see in the report of the committee.

Senator Frith: Honourable senators, in reply—

Senator Roblin: I am not entirely sure my honourable friend has a right of reply. The motion was introduced by the chairman of the committee.

Senator Frith: I was the first to speak on the motion, at your invitation.

Senator Roblin: I know that, but the motion was made by the chairman of the committee.

Senator Frith: I am sorry I accepted your polite invitation. If I had known you were going to be this rude—

Senator Roblin: I am not inviting you to speak twice.

Senator Frith: Surely the first person who speaks on invitation in support of the motion has the right of reply. I will not be long. I will ask for a ruling.

Senator Phillips: The invitation did not specify you.

Senator Roblin: The general understanding is that the mover of the motion is the one who has the right to speak twice. My friend did not move it. It was moved by the chairman of the committee. My friend has exhausted his right. If he wants to speak again, then I think I want to speak again.

Senator Frith: I have asked the Speaker for a ruling. If he rules that I am not entitled to speak in reply, then of course that is the end of it.

The Hon. the Speaker pro tempore: Honourable senators, the motion was moved by Senator Leblanc.

Senator Frith: He did not speak.

The Hon. the Speaker pro tempore: He is deemed to have spoken in the process of proposing the motion. In proposing the motion he is then entitled to speak, and any speakers, to my knowledge, who speak subsequently exhaust their right to speak. However, with leave, the house can do whatever it wishes.

Senator Frith: I was going to answer only Senator Flynn, but there was really nothing to answer anyway.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I should like to speak very briefly on the matter before us. I am sure honourable senators will not be surprised if I tell them, as I think it is my responsibility to do, that the amendment proposed by the majority of the committee is not acceptable to the government. This is an impossible amendment for the government or, indeed, for the House of Commons to accept. I expect that the bill will be sent back to us by the House of Commons.

This amendment would have the government and the House of Commons state that what had been done in this process was illegal. Believing as we do, convinced as we are, advised as we are that our actions have been legal and constitutional, it would be absurd for the government or, indeed, for the House of Commons to accept the amendment that has been proposed.

The law officers of the Crown have no doubt as to the legality and the constitutionality of our action. The Law Clerk of the Senate has advised the committee this morning on that very point.

Senator Frith: Oh, no!

Senator Murray: The Deputy Leader of the Opposition contests what I have said. I wish therefore, if I may, to place on the record now the statements that Mr. du Plessis made to the committee this morning, as contained in the unrevised transcript of the committee hearing. Mr. du Plessis says:

As counsel to the Senate, I have a problem with the amendment. I find it improper to imply in an amendment that actions authorized by Parliament under a provision of law would be illegal. So I have a problem with the wording. The committee has gone over the three tests in section 30 of the Financial Administration Act that were discussed yesterday. No one has any problem with the

first test, which is that Parliament was not in session. This is certainly a matter of public knowledge.

The next two tests, however, are subjective in nature. Someone has to decide if the payment is urgently required and someone has to decide if there is no appropriation. Parliament has decided through section 30 that these decisions are to be taken by two ministers and that once taken the decisions become determinative of the matter. These decisions, of course, are evidenced by the report that each minister makes to the Governor in Council. In other words, once the reports are made, the law, according to its own terms, has been complied with.

"The law," says Mr. du Plessis, "according to its own terms, has been complied with."

The ministers who make these reports are answerable, perhaps, politically but certainly not legally. I think that the motion as proposed implies that what the ministers did was illegal. As your counsel, I felt that I should make this point.

Senator Frith: We preferred Dr. Forsey, as you know.

Senator Murray: I appreciate the point that my friend has made.

Senator Frith: And the point is a constitutional point.

● (1520)

Senator Murray: I did not attend the committee, but I heard some parts of the proceedings through the facilities we all have in our offices for eavesdropping on the proceedings of committees. At one point Dr. Forsey constructed an hypothesis in which Her Excellency the Governor General would tell the Prime Minister or the government that she could not approve of the use of warrants.

I do not wish to draw Her Excellency, or the Crown, into this matter, but certainly, if the Governor General thought that the actions proposed were unconstitutional or illegal, it would be a proper exercise of her prerogative and responsibility not to accept them.

In any case, the amendment is an impossible precedent for the government to accept and we would not accept it. As the opinion of your law clerk suggests—

Senator Frith: Our law clerk? He is not our law clerk.

Senator Murray: He is the Law Clerk of the Senate.

Senator Frith: That is better.

Senator Murray: The opinion of the Law Clerk of the Senate is that the test of urgency is if the payment is required. There is ample precedent for that. Contrary to what Senator Everett said today, I thought Senator Roblin yesterday placed on the record ample precedent from previous years—

Senator Frith: During dissolution!

Senator Murray: —to document that statement. The test of urgency is that the payment is required. It then becomes a judgment call, a political decision on the part of the ministers concerned. Parliament, as Senator Flynn has pointed out, has

[Senator Murray.]

a recourse. So do the voters, if they disagree with our judgment. It is a political recourse that they have. Our judgment is bad in the view of honourable senators opposite. That does not make it illegal, as the law clerk has indicated in the advice that he has given to the committee.

There was, as Senator Flynn indicated, another recourse that the committee might have taken to prevent what honourable senators fear is a potential for serious abuse in the future, namely, to institute a process leading to the amendment of the Financial Administration Act to close any gaps that honourable senators believe are there; fix the Financial Administration Act, if they think it needs fixing.

The last time the act was amended in this respect was in 1958. Nothing would be more normal, therefore, than that Parliament and the government take this legislation under advisement. The Standing Senate Committee on National Finance might have reported the bill, might have attached comments, might have recommended possible future amendments to the Financial Administration Act or might, indeed, take that matter under study now as part of its responsibilities. Instead, we have this impossible amendment that is before us.

So, honourable senators, we are opposed to the amendment. It is unacceptable to the government. I have little doubt but that the House of Commons will reject the amendment and send Bill C-14 back to us.

Honourable senators are aware that we find ourselves—the government and Parliament—up against some pretty tight deadlines. The Governor General's warrants expire on Monday next, May 15, 1989. Various departments and agencies have already exhausted the funds at their disposal. There are requirements for payments by the government coming up and the government—Parliament—will be in a difficult position after Monday of next week. Therefore, it is urgent that this supply matter be resolved as quickly as possible.

While we on this side oppose the amendment, and while the government states that it is unacceptable to us, I do not want to do anything to impede the passage of the matter back to the House of Commons so that the government and the House of Commons may deal with it expeditiously. Therefore, if a standing vote were to be taken on the matter, we would abstain in order to expedite the return of the legislation to the House of Commons so that the government and the House can deal with the matter.

Hon. John B. Stewart: Honourable senators, I will say just a few words, because I know that most senators feel that this straw has been thrashed more than adequately.

The question relates to how we should interpret subsection 30(5). The accuracy of the interpretation relied upon by the Treasury Board has been questioned. There are those who say that in their opinion that interpretation is sound. The Leader of the Government tells us that the law officers of the Crown say that that interpretation is sound. There are opinions—

Senator Simard: The officers of the Senate.

Senator Stewart: I have a long speech, Senator Simard; I am trying to be brief.

Senator Phillips: You have achieved your objective!

Senator Roblin: Use the abridged version!

Senator Stewart: Thank you, Senator Roblin. Senator Simard should heed your injunction.

There are those who take another view. We are told that the law officers of the Crown view the interpretation of the Treasury Board as accurate. Who is to say? We hear conflicting opinions. Only a court could decide that, perhaps by a split decision. We did not hear the law officers of the Crown themselves, we heard Senator Murray—

Senator Murray: No, but come now!

Senator Stewart: —make a statement about their views. I am not disputing what he says about their views.

Senator Murray: I hope not!

Senator Stewart: In 1896 there was an opinion of the principal law officer of the Crown, Oliver Mowat, then the new Minister of Justice, but we will not go into that.

The interpretation put forward by the Treasury Board of subsection 5 of section 30 is ridiculous in terms of its constitutional implications.

Senator Simard: He told you.

Senator Asselin: Change it then!

Senator Stewart: No. I am not talking about the subsection, I am talking about the interpretation. I said that that interpretation is ridiculous—

Senator Flynn: It is right there. Your problem is the interpretation!

Senator Stewart: —in terms of its constitutional implications.

Senator Flynn: The text is clear. It does not mean interpretation.

An Hon. Senator: Is he a lawyer?

Senator Simard: Go on, Senator Stewart.

Senator Stewart: I want all these interventions to be fully appreciated.

Senator Corbin: Arm yourself with patience!

Senator Stewart: In view of the fact that the constitutional implications of that interpretation simply are not tenable, one must look at the precedents for guidance. We asked officials from the Treasury Board to adduce one single relevant precedent. Not one single relevant precedent was adduced. That is why some of us feel that the opinion heard with regard to the interpretation of that subsection is highly questionable.

As Senator Murray has said, this bill has the effect of making available to the government some \$33 billion.

Senator Flynn: That is irrelevant.

Senator Stewart: They are not asking for three months' interim supply nor are they asking for six months' interim supply. The House of Commons passed an order saying that it

would deal conclusively with the balance of the request on October 5, 1989. But is the interim supply requested sufficient to carry the government through to that date? No, no. It is nine-twelfths, and I can well understand why the government would like to have us vote \$33 billion in three days. I can understand that, but that is not the point we are addressing here.

● (1530)

Senator Flynn: Indeed, that is not the point.

Senator Asselin: Then make your point!

Senator Stewart: We are addressing the question of the use of the interpretation—

Senator Flynn: Come to the point!

Senator Stewart: Let us appreciate all this wisdom.

Senator Flynn: You say that that is not the point; then come to the point.

Senator Stewart: Very well, I will come to the point. The point, honourable senators, is the question of the proper interpretation of subsection 5 of section 30. There is a difference of opinion, and what is proposed by the amendment is that that difference of opinion should be put behind us by an act of Parliament which will declare that the payments made were, indeed, legal. Regardless of what some have said on one side or on the other, Parliament itself will have said that the general warrants are to be deemed to be legal.

I cannot understand how anyone could say that this amendment states that the warrants clearly were illegal. It is simply saying that they were made on the basis of an opinion which is questionable. That is what we are talking about. It is that simple. It seems to me that if I were a member of the government—

Senator Walker: Heaven forbid!

Senator Stewart: —I would not try to make a mountain out of this. There is no great insult to the government. It is a small point, except that a very bad precedent must be avoided. I say to the government, accept the amendment, get your bill enacted. Let us be through with this. It is as simple as that. It is beyond me to understand why anyone—

Senator Flynn: A lot is beyond you!

Senator Stewart: —should start talking about a constitutional crisis.

Some Hon. Senators: Question!

Senator Phillips: Honourable senators, may I direct a question to the Honourable Senator Stewart? This morning, in a committee room on the third floor, the Standing Committee on Internal Economy, Budgets and Administration held a meeting. On the agenda for that meeting were the requests of three committees of the Senate for funds to the extent of some \$333,000. The largest request was from the Standing Senate Committee on Foreign Affairs, asking for approximately \$175,000. I believe Senator Stewart is familiar with that, since he is the chairman of that committee. There was also a request

from the Standing Senate Committee on National Finance, the very committee that is objecting to this bill, asking for \$115,000—

Senator Frith: What is this all about?

Senator Perrault: This is not a question; it is a speech!

Senator Phillips: Senator Everett speaks about the urgency of the Governor General's special warrants and yet that very committee of which he is a member is asking for funds to carry it through until March 31, 1990. Where was the urgency?

Senator Perrault: They must be really embarrassed about what they did if they are talking in this fashion.

Senator Phillips: I ask the honourable senator if there is one special rule for Liberal senators and one for the general public. What special consideration does he feel the Liberal senators merit? If the bill is unconstitutional, illegal and not urgent, why are these three committees, chaired by Liberal senators, asking for these funds?

Senator Hastings: They were the best men!

Senator Frith: A clever and cunning chap, that Phillips!

Senator Stewart: Honourable senators, I think this point need not delay us long. I am sure that all the members of those committees, on both sides of the house, are quite ready to do their duty and await the enactment of the legislation necessary to provide the money for the operation of this house. That is not the point here. The \$33 billion is not reduced in any way by the proposed amendment.

An Hon. Senator: Question!

Senator Phillips: Honourable senators, I am surprised that Senator Stewart persists in his attitude that he is entitled to be first at the trough, especially in view of the fact that the committee referred to the fact that these are Governor General's special warrants.

Some Hon. Senators: Oh, oh!

Senator Frith: Orville, don't test our generosity of spirit.

The Hon. the Speaker *pro tempore*: Senator Barootes?

Senator Frith: The fairy tale man!

Senator Perrault: Hans Christian Andersen.

Hon. Efstathios William Barootes: Thank you, honourable senators.

Senator Perrault: The tooth fairy.

Senator Frith: No, Senator Phillips is the tooth fairy.

Senator Barootes: I am sorry, but when you are all yelling at once it is difficult for me to hear what you are braying.

Senator Perrault: Keep it nonpolitical.

Senator Barootes: Honourable senators, I listened very carefully—

Senator McElman: Speaking of braying, please proceed.

[Senator Phillips.]

Senator Barootes: —to the presentation yesterday of Dr. Forsey, which supported the position taken by the Honourable Senator Stewart. Over the years I have developed an intense admiration for Dr. Forsey, as have many people in this house—

Senator Hastings: Including the Prime Minister.

Senator Barootes: —as a constitutional expert—

Senator McElman: However—?

Senator Barootes: —and I am sure that all of us are interested in his constitutional opinion. But as he himself said yesterday repeatedly—

Senator Frith: But, but!

Senator Barootes: —especially upon the urging of members of the opposite side of the house—he repeatedly said: "I am not a legal expert and I do not wish to give a purely legal opinion. I have some experience in constitutional matters." Honourable senators, indeed he has some experience—

Senator Frith: Yes, that is what we are relying on exactly.

Senator Barootes: —on constitutional conventions and precedents, and he can quote them at some length, particularly if they are in the far distant past. However, the matter with which we are dealing today is not a constitutional matter.

Senator Frith: Oh yes, it is!

Senator Barootes: As I read the amendment, it is based on the implication that what was done by the government and by the House of Commons was illegal. No one, either yesterday or today, was willing to stand up and say that what is in that bill is illegal. They are all saying that it is a breach of convention, a breach of constitution and, in fact—

Senator Hastings: You missed the entire conversation about it yesterday!

Senator Barootes: —in the spinning of the Grimm's fairy tale over there on the other side of the house—and you can interpret the word "Grimm" as either a noun or an adjective. However, in the spinning of that tale, we are told that all hell is going to break loose. More than that, my friends on the opposite side of this house—

Senator Perrault: You are holding your notes upside down!

Senator Barootes: —take upon themselves the mantle of the protectors, if you will, of parliamentary rights and the protectors of the people of Canada.

Senator Perrault: Your notes are the wrong way up!

Senator Barootes: Let me tell you that I interpret it differently.

An Hon. Senator: You are getting a little hoarse!

Senator Barootes: Thank goodness I am not getting a "jackass." As a matter of fact, I interpret this in a different way.

Senator Perrault: I think we should ask for a second opinion.

Senator Barootes: Methinks my friends protest too much. However, I am going to take the position of Shakespeare, when he said, through his great anti-hero Hamlet—

Senator Frith: Hamlet? Don't bring in Danish precedents, please!

Senator Barootes: Perhaps you will recall it; you played the part!

Senator Frith: That goes back pretty far.

Senator Barootes: Pardon me, it was Macbeth:

In the great hand of God I stand, and thence
Against the undivulged pretense I fight

Of legislative [*sic*] malice.

Senator Perrault: You know, they say fairy tales can come true!

Some Hon. Senators: Question!

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by Honourable Senator Leblanc, seconded by Honourable Senator Robichaud, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Flynn: On division.

Motion agreed to and report adopted, on division.

• (1540)

THIRD READING

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill, as amended, be read the third time now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill, as amended, read third time and passed, on division.

ADJOURNMENT

Hon. Orville H. Phillips, with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Monday next, 15th May, 1989 at two o'clock in the afternoon.

Motion agreed to.

QUESTION PERIOD

DELAYED ANSWER TO ORAL QUESTION

CANADIAN CENTRE FOR MANAGEMENT DEVELOPMENT

AUTHORITY FOR ESTABLISHMENT

Hon. Orville H. Phillips: Honourable senators, I have a delayed answer to a question raised on May 4, 1989, by the Honourable Senator Bosa regarding the Canadian Centre for Management Development—Authority for Establishment.

(The answer follows:)

Pending passage of the legislation for the Canadian Centre for Management Development, the centre has been able to operate under the authority of an Order in Council (P.C. 1988-1669) passed in August 1988, which designated the centre as a department for purposes of the Financial Administration Act and the Public Service Employment Act.

Additionally, Treasury Board Authority accorded last June provides the necessary base for the management and operation of the centre.

ANSWER TO ORDER PAPER QUESTION

EMPLOYMENT AND IMMIGRATION

ENTRY CRITERIA FOR FOREIGN HOCKEY PLAYERS

Question No. 8 on the Order Paper—By **Hon. Jack Marshall:**

6th April, 1989—1. What are the criteria by which hockey players from foreign countries can enter Canada in relation to those rules for entry by other classes of immigrants?

2. Are hockey players "exempt" from restrictions placed on immigrants to Canada?

3. Do hockey players have to comply with rules of entry and, if so, what are they?

Reply by the Minister of Employment and Immigration:

1. Most hockey players applying for permanent residence in Canada are from Eastern Europe and may be assessed against the criteria for immigrants in a Designated Class. Different criteria apply to immigrants depending on whether they apply in the Family Class, Independent, Refugee or Designated Class categories.

2. Hockey players must meet the same criteria as all other immigrants in the particular immigration category under which they are assessed.

3. Hockey players who are under contract to play for a Canadian team can be assessed as self-supporting Designated Class applicants. They must also meet medical and background requirements.

The Senate adjourned until Monday, May 15, 1989, at 2 p.m.

Thursday, May 11, 1989

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THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(2nd Session, 34th Parliament)
Thursday, 11th May, 1989

GOVERNMENT BILLS
(HOUSE OF COMMONS)

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)
 First reading, May 4, 1989.

BILL C-14

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990

First and second readings and referral to National Finance Committee, May 9, 1989. Report from Committee (with one amendment), adoption of Report and third reading, as amended, May 11.

GOVERNMENT BILLS

(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, MAY 16, 1989

FOREIGN AFFAIRS

256-S When the Senate rises

To minor the implementation and application in both countries of the Canada-United States Free Trade Agreement Implementation Act as well as any other related trade developments

TOPIC:

Adjusting the Free Trade

NATIONAL DEFENCE

(Special)

356-S 7:00 p.m.

Consideration of Canada's land forces

THURSDAY, MAY 18, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 14

OFFICIAL REPORT
(HANSARD)

Monday, May 15, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Monday, May 15, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may bring you up to date on the supply bill, which is now being dealt with in the other place, I am informed that it is the intention of the House of Commons to try to have a vote on it towards the end of the day, at approximately five-thirty or six o'clock. With that in mind and being conscious of the fact that our colleagues here are aware of the urgency for the passage of that bill, with the agreement of honourable senators, it might be appropriate to meet at six o'clock this evening to expedite its passage and to allow the government to fulfil its commitments on the payment of bills, salaries, wages, allowances and so on, with Royal Assent to follow.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, it may be true that some senators feel that there is clear evidence for the urgent passage of this bill, but I, for one, am not aware of it.

Senator Murray: He does not care about the veterans, the RCMP—

Senator Frith: I read the statement made by the minister in the House and noticed that he was very careful in what he said. He was very careful not to indicate that people were not going to get paid—"may" was the word he used, and we can be sure that he would have used a stronger word if he could have.

The authority to spend money does not expire today. The warrants expire, but the government took some \$6 billion out on the basis of the warrants. If they are out of money, they are out of money because they spent that, not because it is May 15. I see no reason why the Senate should act as if they believe this smoke screen being put up on the issue, by accepting to reconvene at six o'clock and thereby implying that we think there is urgency when, in fact, we know that there is not. Therefore, I will not give leave for us to come back at six o'clock.

Senator Murray: We hope you will not live to regret those words.

Senator Frith: No, you do not, and I will not.

WAR VETERANS ALLOWANCE ACT

BILL TO AMEND (EQUALITY OF MALE AND FEMALE PERSONS)—
FIRST READING

Hon. Jack Marshall presented Bill S-3, to amend the War Veterans Allowance Act (Equality of Male and Female Persons).

Bill read first time.

The Hon. the Speaker pro tempore: Honourable senators, when shall this bill be read the second time?

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading on Thursday next, May 18, 1989.

WAR VETERANS ALLOWANCE ACT

BILL TO AMEND (RESIDENCE IN CANADA)—FIRST READING

Hon. Jack Marshall presented Bill S-4, to amend the War Veterans Allowance Act (Residence in Canada).

Bill read first time.

The Hon. the Speaker pro tempore: Honourable senators, when shall this bill read the second time?

On motion of Senator Marshall, bill placed on the Orders of the Day for second reading on Thursday next, May 18, 1989.

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

AVIATION SAFETY

PEARSON INTERNATIONAL AIRPORT, TORONTO—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on April 5 last by the Honourable Jeremiah S. Grafstein regarding Aviation Safety—Pearson International Airport, Toronto—Government Action.

(The answer follows:)

The Department of Transport took swift action to correct the safety deficiencies identified by the Canadian Aviation Safety Board in a letter to the Minister of Transport on March 29, 1989.

The Canadian Aviation Safety Board cited three similar loss of separation incidents which occurred north-east of Toronto Lester B. Pearson International Airport (LBPIA). The first incident occurred on December 20,

1988 and the remaining two incidents both occurred on January 10, 1989. In each of the incidents, aircraft were being vectored for an approach to LBPIA.

The Canadian Aviation Safety Board identified deficiencies in the airspace structure north-east of Toronto and in the air traffic control procedures that were employed for aircraft conducting approaches to the parallel runways at LBPIA. The procedures in place prior to the incidents were flexible and permitted controllers to provide either 1,000 feet vertical separation or three miles radar separation between aircraft conducting approaches. In two of the three incidents, the controller planned on, but did not maintain, three miles radar separation between aircraft conducting approaches to the parallel runways.

On April 7, 1989, rigid procedures were implemented at LBPIA. The new procedures remove the flexibility and ensure that the controller provides vertical separation of 1,000 feet between aircraft conducting parallel approaches. In addition, responsibility for the airspace north-east of Toronto has been redefined and coordination processes established. The implementation of these procedures has addressed the safety deficiencies identified by the CASB.

NATIONAL DEFENCE

CLOSURE OF CFB, SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable M. Lorne Bonnell regarding National Defence—Closure of CFB, Summerside, P.E.I.—Consequences for Medical Emergency Air Evacuations

(The answer follows:)

The Search and Rescue Squadron (SAR) based at CFB Summerside has been providing air evacuations for medical emergencies, when called upon, for the Province of Prince Edward Island. Medical services, including emergency air evacuation, remain the responsibility of the province, and will be the subject of future federal-provincial discussions. Until such time as alternate arrangements have been made, the SAR-based operation on Prince Edward Island will continue to provide this service.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL, IRVING WHALE—GOVERNMENT ACTION

Hon. C. William Doody: Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable M. Lorne Bonnell regarding The Environment—Prince Edward Island—Monitoring of Pollution from Sunken Vessel, *Irving Whale*—Government Action.

(The answer follows:)

The barge sank on September 7, 1970 in 70 meters of water approximately 50 km northeast of North Point, Prince Edward Island, as a result of water drainage through an open hatch in the stern section.

At the time the barge was carrying approximately 4,200 tons of No. 6 fuel oil (bunker C).

A decision was made at the time not to attempt a salvage operation and risk a major pollution incident. All vents and hatches were sealed. Bunker oil, when cooled, becomes very thick and any discharge would be at a very slow rate. The small amount of oil being discharged floats to the surface and produces a thin sheen which dissipates within one or two kilometers of the wreck site.

Since the barge sank, surface inspections have been carried out by Canadian Coast Guard (CCG) ships at least twice a year and by aircraft, on occasion, from Canadian Forces Base (CFB) Summerside. In addition CCG and Environment Canada have arranged for seven underwater inspections using manned and unmanned submersibles.

A survey in 1977 determined that approximately 60 per cent of the original cargo remained on board.

The most recent submersible inspection carried out in 1985 confirmed that the barge remains intact and is leaking at a very slow rate. There was little if any observable impact on the environment.

FISHERIES

USE OF DRIFT NETS BY FOREIGN VESSELS—DAMAGE TO CANADIAN FISH STOCKS—REQUEST FOR REPORT

Hon. C. William Doody: Honourable senators, I have a delayed answer to a question raised in the Senate on May 10 last by the Honourable Raymond J. Perrault regarding Fisheries—Use of Drift Nets by Foreign Vessels—Request for Report.

(The answer follows:)

Canada has not agreed to any expansion of the Japanese squid driftnet fishery. The Japanese squid driftnet fishery occurs on the high seas outside Canada's 200-mile limit. There are no international laws or rules controlling this fishery. Japan alone controls the activities of its fishermen on the high seas.

Canada and the USA have been trying to persuade Japan to limit Japan's use of driftnets in the interests of international conservation.

Now, in 1989, for the first time, thanks to Canadian and American pressure, Japan has agreed to an international observer program which will provide scientific information on the squid driftnet fishery. This is a breakthrough and it will provide information on the impact of driftnets on North American salmon stocks and other marine life.

Solid scientific information will provide the basis for future international action to control driftnets.

Apart from Japan, the Republic of Korea and Taiwan are the other Asian nations engaged in driftnet fishing operations in the North Pacific. On May 15-16, a Canadi-

an delegation will be in Seoul for bilateral fisheries consultations with the South Koreans. The driftnet issue is a major item on the agenda.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, MAY 16, 1989

FOREIGN AFFAIRS

256-S When the Senate rises

To monitor the implementation and application in both countries of the Canada-United States Free Trade Agreement Implementation Act as well as any other related trade developments

TOPIC: *Adjusting the Free Trade*

TUESDAY, MAY 16, 1989 (Cont.)

NATIONAL DEFENCE

(Special)

356-S 7:00 p.m.

Consideration of Canada's land forces

THURSDAY, MAY 18, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 15

OFFICIAL REPORT
(HANSARD)

Tuesday, May 16, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

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THE SENATE

Tuesday, May 16, 1989

The Senate met at 2 p.m.; the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

DELEGATION FROM BARBADOS

The Hon. the Speaker: Honourable senators, I wish to call your attention to the presence in the gallery of the Honourable Lawson A. Weekes, Speaker of the House of Assembly of Barbados and President of the Commonwealth Parliamentary Association; Dr. the Honourable David Tonkin, Secretary-General of the Commonwealth Parliamentary Association; and His Excellency Peter G. Morgan, High Commissioner for Barbados in Canada.

Hon. Senators: Hear, hear!

APPROPRIATION BILL NO. 1, 1989-90

COMMONS DISAGREEMENT WITH SENATE AMENDMENT

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a message has been received from the House of Commons which reads as follows:

HOUSE OF COMMONS
CANADA

Monday, May 15, 1989

ORDERED,—That a message be sent to the Senate to acquaint Their Honours that this House disagrees with the amendment made by the Senate to Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, because this House believes that the special warrants signed by the Governor General on January 19, February 16, March 23 and April 1, 1989 are already legal.

ATTEST

Mary Anne Griffith
for The Clerk of the House of Commons

MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT

The Hon. the Speaker: Honourable senators, when shall this message be taken into consideration?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I move:

That the Senate do not insist on its amendment to the Bill C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, to which the House of Commons has disagreed.

Hon. John B. Stewart: Honourable senators, the message which has come to us from the House of Commons says that that House believes that these warrants to which we referred in our message to them are already legal.

Honourable senators, the message from the House of Commons misses badly the point of our amendment to Bill C-14. Our amendment did not assert that the special warrants were illegal. We indicated—and there was clear evidence as to the truth of this—that there is a real disagreement about the interpretation of the statute on which the government relied when it used those special warrants. Therefore, the message that has come back to us, the message moved by Mr. de Cotret in the other place, misses completely the point of what the Senate did last week.

Speaking in the other place, Mr. de Cotret said that subsection 30(5) of the Financial Administration Act was added, in 1951, explicitly to enable the government to obtain Governor General's special warrants as required when Parliament is under adjournment.

He told the House of Commons that Parliament, in 1951, intended to authorize the use of special warrants for the ordinary current expenses of the government—the kinds of expenses that were dealt with by special warrants in 1989—when Parliament is not in session, which includes a long adjournment. We hear that that is the considered opinion of the law officers of the Crown.

On Thursday, May 11, at page 199 of *Debates of the Senate*, Senator Murray told the Senate:

The law officers of the Crown have no doubt as to the legality and the constitutionality of our action.

Senator Murray obviously hopes that the Senate will be guided by his statement regarding the views of the law officers of the Crown. To whom does he refer as “the law officers of the Crown”? Does he mean the Minister of Justice? Does he mean the Solicitor General?

In 1896 the law officer of the Crown who advised the new government of that day was the new Liberal Minister of Justice, Oliver Mowat. Is it the Minister of Justice or is it the Solicitor General who is referred to as the principal law officer of the Crown? If not, to whom is Senator Murray referring in his argument from authority? When he has identified those on whose judgment he asks us to rely, will he tell us precisely what question or questions the aforesaid law officers of the

Crown were asked to answer? Who probed them with regard to their opinion? That is a matter that we ought to explore, since so much depends on the interpretation of subsection 30(5) of the Financial Administration Act.

Mr. de Cotret, understandably, made reference to the words uttered by the Law Clerk of the Senate on May 11, 1989. Mr. du Plessis, speaking to the National Finance Committee, said, on page 4:21:

The committee has gone over the three tests in section 30 of the Financial Administration Act that were discussed yesterday. No one has any problem with the first test, which is that Parliament was not in session. This is certainly a matter of public knowledge.

The next two tests, however, are subjective in nature. Someone has to decide if the payment is urgently required and someone has to decide if there is no appropriation. Parliament has decided through section 30 that these decisions are to be taken by two ministers and that, once taken, the decisions become determinative of the matter. These decisions, of course, are evidenced by the report each minister makes to the Governor in Council. In other words, once the reports are made, the law, according to its own terms, has been complied with.

Senator Balfour: Do you disagree?

Senator Stewart: Yes, I disagree, and I will explain why. Let us take an example. Let us take the case of the famous surveyed shrubs. In that instance I have no doubt that the Minister of Public Works reported that the survey was urgently required for the public good. Then the president of the Treasury Board reported that there was no appropriation made by Parliament from which the payment for the survey could be made. Of course, Parliament was not in session. But the truth of the matter is that the process does not end with those three steps. Those are not determinative. Look at what the act says in subsection (1). It states:

Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, on the report of the President of the Treasury Board—

and so on.

There is a fourth and vital, indeed essential, step, and that is the decision by the Governor in Council to make an order that a warrant be prepared. That decision cannot be made by the Governor in Council unless the requirement of the statute is fulfilled, namely, that the payment is urgently required for the public good. That is not a decision which, in the case of the famous shrub survey, was made by the Minister of Public Works.

There are more than three steps in this process. Those three steps are merely preliminary; they are prerequisite steps to the substantial decision which has to be made by the government itself.

Senator Barootes: You can cancel *The Thirty-nine Steps* all over again.

[Senator Stewart.]

An Hon. Senator: There he goes!

Senator Gigantès: Literary erudition is a heavy burden.

Senator Frith: It's the tooth fairy! The tooth fairy strikes again!

Senator Stewart: Honourable senators—

Senator Cools: At least he is quoting a governor general of Canada!

Senator Gigantès: At least he is quoting a governor general, yes.

Senator Stewart: Yes, it is interesting that he should quote that particular title, because the author was involved in the issuing of one of these special warrants back in 1939. Senator Barootes' interjection is more relevant to the history of special warrants than he may realize.

Senator Frith: Or then he usually is!

Senator Flynn: What is the idea?

Senator Stewart: Honourable senators, I wish to go back for a minute to what Mr. de Cotret said in the other place—and I am quoting now from pages 1695 and 1696. He said:

The first condition which must be satisfied is that Parliament is not in session. There is no dispute that Parliament was not in session.

That is in 1989.

However, I would like to clarify an important point about how the Financial Administration Act defines not in session. Section 30, paragraph (5) states without any qualifications or conditions that Parliament is deemed to be not in session when it is under adjournment. This section was tabled in 1951 explicitly—

Now listen to this, honourable senators—

—to enable the Government to obtain special Governor General's warrants that are required when Parliament is under adjournment. The Parliament of the day clearly intended that special Governor General's warrants would be issued under this provision.

It is reasonable to assume that when Parliament amends an Act such as the Financial Administration Act, it expects and accepts that it will be used. As the Speaker stated in the House on May 2 of this year, there is no inference that the words "not in session" were to be restricted to dissolution periods.

That is the view on which the minister relies. In the 38 years since 1951 section 30 subsection (5) never has been used.

Senator Flynn: For what?

Senator Stewart: It was never used until 1989.

Senator Flynn: So what?

Senator Stewart: It was never used by a government to meet the ordinary, current expenses of that government, outside a dissolution period.

Senator Flynn: So what?

Senator Stewart: That fact is revealing. It is not conclusive, but it makes one ask—

Senator Roblin: It certainly is not conclusive!

Senator Stewart:—questions.

Senator Flynn: Oh, yes; right. You do more than ask questions!

Senator Stewart: And I will go further, Senator Flynn, don't worry!

Some Hon. Senators: Hear, hear!

● (1410)

Senator Flynn: You need some encouragement, I see.

Senator Stewart: When the anonymous law officers of the Crown—

Senator Roblin: He likes that, too!

Senator Stewart:—told the minister—

Hon. Royce Frith (Deputy Leader of the Opposition): Excuse me, honourable senators. Perhaps on a point of order—or perhaps on a point of disorder, which I suppose is the same thing—I am sitting close enough to Senator Flynn that it is difficult for me to hear what Senator Stewart is saying. I know it may be Senator Flynn's intention to prevent that, but there may be other senators like myself—and maybe even some on the other side, absurd though that might sound—who wish to hear what Senator Flynn—or rather Senator Stewart—

Some Hon. Senators: Oh, oh!

Senator Frith:—has to say, and in due course, if you will let me finish, what Senator Flynn has to say when he takes the floor. However, he has not so far taken the floor. Perhaps the best thing to do would be for Senator Stewart to adjourn the debate until we are given the opportunity to hear what he has to say.

Senator Roblin: I think if he were to sit down, that would be the best thing for him to do!

Senator Flynn: Ha, ha, ha!

Senator Frith: That also goes for Senator Roblin! We are all anxious to hear what he has to say when he takes his turn.

Senator Perrault: They are just terrified of the facts!

Senator Stewart: Honourable senators, when the anonymous law officers of the Crown advised the minister—and here I am quoting the Leader of the Government in the Senate:

The law officers of the Crown have no doubt as to the legality and the constitutionality of our action.

Did they, in fact, read out section 30 as it stood when the amendment on which they relied was made? Also, honourable senators, how did that section read in 1951, when the amendment on which they relied was made? Let me read it:

28. (1) Where an accident happens to any public work or building when Parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when Parlia-

ment is not in session in respect of which an expenditure not foreseen or provided for by Parliament is urgently required for the public good . . .

Honourable senators, it is very clear that the amendment made in 1951 related to specific emergency requirements not foreseen. It has nothing to do with a situation in which an expenditure was foreseen, as most of the expenditures made in the winter of 1989 were foreseen, as revealed in Supplementary Estimates (B) presented in the House of Commons on December 16, 1988. It has nothing whatsoever to do with payments for ordinary current government expenses.

Honourable senators, there is even more evidence that the law officers of the Crown were not probed very hard by the President of the Treasury Board or by the Leader of the Government in the Senate, or whoever asked them for their opinion, because, when that section was being considered in 1951 in the Committee of Public Accounts of the other place, the section was explained by no less an authority than the Deputy Minister of Finance of those days, Dr. W.C. Clark, a man whose great reputation is still alive in these halls. At that time Dr. Clark said that certain changes were being made to this part of the Financial Administration Act. What was section 28 is now section 30 of the Financial Administration Act. I now quote Dr. Clark:

One is section 28, which re-enacts the provisions of the old Act relating to the use of Governor General's warrants for urgent and unforeseen expenditures. The language is clearer and there has been added a provision requiring that each such special warrant be published in the *Canada Gazette* within 30 days after it is used and that a statement of all such special warrants and the amounts thereof be laid before the House of Commons within 15 days after the commencement of each session, as well as another provision permitting the issuance of a special warrant—

Notice these words, honourable senators.

—if an urgent, unforeseen expenditure is required when Parliament is adjourned *sine die* or to a day more than two weeks after the accident happened or the need arose, as well as when Parliament is not in session. This provision is made necessary by the practice which has developed in recent years of long adjournments.

Dr. Clark told the Public Accounts Committee that this change in the act was designed for urgent and unforeseen expenditures. We know very well what the specific circumstances that Dr. Clark, his colleagues in the public service, and the members of the House of Commons had in mind. They had in mind the circumstances of the fall of 1939, when war broke out. Money had to be taken out of the public purse for war purposes. Special warrants could not be used for those unforeseen emergency requirements unless Parliament was not in session. As a result, the government of the day had to have the special session of 1939 prorogued, otherwise the government could not have used special warrants for war time emergency requirements. They could not have used special

warrants for those emergency payments if Parliament had been adjourned. That is why the change was made in 1951.

Why were the law officers of the Crown not clear as to what was done in 1951? Certainly there were queries in 1951 about the amendment. Mr. Fleming said to the chairman of the committee:

I have a question on section 26. In section 24 we provide in effect that no payment shall be made out of consolidated revenue fund without the authority of parliament.

That provision is still in there. He went on:

Suppose the government dissolved parliament without parliament having made provision by way of appropriation Act for meeting the ordinary current expenses of the government for the six months, or the ensuing period of time before parliament could meet again after the next general election, how far can the Governor in Council go under section 26 in meeting these current expenses on Governor General's warrant?

Mr. H.R. Balls, the special assistant to the Department of Finance, replied:

Mr. Chairman, section 26 does not deal with special warrants of the Governor General, it is section 28 which covers urgent expenditures not provided for.

Honourable senators, listen to the following words:

Section 28 does give the authority to the Governor in Council to authorize payments of that nature, to cover not only the urgent outlay for repair—

Honourable senators will remember that the act at that time talked about repairing buildings and wharves and the like.

—which may require to be made to a public building which had been damaged or destroyed, but also the outlay necessary for the carrying on of the public service in the event that parliament has not made appropriation for that service prior to dissolution.

In other words, the use of Governor General's warrants to pay for the carrying on of public service is for the period after dissolution, and only then. It is true that payments may be made for an emergency, to meet an unforeseen requirement that is urgent, when Parliament is not in session or when there is a long adjournment. No one is disputing that. However, what has happened in 1989 is that the government has confused two quite different situations. It has taken the permission to pay ordinary public service expenses after a dissolution and transferred it to another situation; the situation when Parliament is not in session. In the latter situation payments by warrant may be made only for unforeseen and urgent requirements.

• (1420)

Were the law officers of the Crown asked how their interpretation of subsection (5) of what now is section 30 of the Financial Administration Act—the subsection that was put in in 1951—squares with the explicit words of those who, in 1951, explained to Parliament the meaning of that new subsection? Were they asked?

[Senator Stewart.]

If that is not enough to plant doubt about their interpretation, let me ask about the change to this section made in 1958, when Senator Walker himself was a member of the government.

Senator Walker: Those were the days!

Senator Macquarrie: The good old days!

Senator Stewart: I refer to the words of Mr. Fleming.

Senator Barootes: Which Fleming?

Senator Stewart: Donald Fleming, obviously. Mr. Bert Herridge (Kootenay West) asked:

Would the minister mind giving the house an illustration of what type of circumstance would require the application of this clause?

That was the clause permitting a payment to be made for unforeseen expenses when Parliament was not in session.

Mr. Fleming was most helpful in his response, when he said: Section 28—

That was its number at that time.

—has persisted in its present form virtually since confederation. One change that was made when the act was reviewed some five years ago was to provide for publication in the *Canada Gazette* of the governor general's warrants.

He then proceeded to say:

What is proposed now in the amendment is that we put the situation in which governor general's warrants should be used in these terms,—

We stopped talking about roofs of buildings, wharves, the Fenians and the like and we put the purpose in general terms, as follows:

—“where a payment is urgently required for the public good when parliament is not in session” and no other appropriation is available. In other words, that is the proper ground . . .

My hon. friend—

Obviously, he is referring to Mr. Herridge.

—asks about the circumstances under which resort might be had to the issuance of a special warrant.

Clearly, he is not talking about post-dissolution situations. Mr. Fleming said:

I think I can best answer his question by referring to the situation in which the governor in council found himself last August when two warrants were issued. Parliament had made an appropriation in the previous spring, that was exhausted by the beginning of the summer, to provide for the maintenance of Hungarian refugees. We were confronted with a situation in the middle of the summer of 1957 where either we had to recommend to His Excellency the issuance of a special warrant or there just would not have been any money at all to provide food and shelter for these refugees coming into the country.

That was Mr. Fleming's example of a situation in which it was lawful to use a Governor General's special warrant when Parliament was not in session. There was an emergency requirement. People, conceivably, could have starved. It was unforeseen. It was urgent. Mr. Fleming would never have dreamed of saying that Governor General's special warrants could be used for the ordinary, every-day financing of the affairs of the government during a prorogation or a long adjournment.

Some Hon. Senators: Hear, hear!

Senator Stewart: It was unthinkable. It is unthinkable today that Parliament, in 1951, 1967 or at any other time previous to this year, would have tolerated this kind of conduct. It is inconceivable. It is abhorrent to the very principles of parliamentary democracy.

Honourable senators, we have heard a good deal in the last few hours about veterans and the widows and comrades of those who served in World War II.

An Hon. Senator: Scare tactics!

Senator Stewart: I say to honourable senators that the veterans who fought in World War II fought for the preservation of parliamentary democracy.

Some Hon. Senators: Hear, hear!

Senator Stewart: That is what they fought for. They would not applaud us if we sat here idly, perhaps wearing poppies, and let the basic principles of parliamentary democracy be eroded by our own government.

Some Hon. Senators: Hear, hear!

[Translation]

Hon. Gérard Beaudoin: Honourable senators, yesterday a majority of Members in the House of Commons voted against the amendment to Bill C-14 adopted by the Senate.

The amendment proposed by the Senate is based on legality. In fact, the Official Opposition in the Senate proposes to add to Bill C-14 a clause providing that the payments made by special warrants shall be deemed to have been legal, because it has some doubts as to their legality. That is the whole question!

Appearing before the Standing Senate Committee on National Finance, the Honourable Eugene Forsey, in his testimony, talked about constitutional custom and precedent. He had some doubts about the legal aspect. However, he concentrated mainly on the constitutionality of the action taken by the Canadian Government.

To talk about legality is one thing. To talk about constitutional custom is something else. There is a distinction to be made between the two.

First of all, let us look at the legal issue. Rightly or wrongly, the Parliament of Canada decided to introduce a system of special warrants and even laid this down in legislation. There are those who may regret this and prefer the British or Australian system. However, the fact is that special warrants are part of our parliamentary system. Unless we are able to

prove that the Financial Administration Act has been infringed, the Government's behaviour in the present case is perfectly legal.

I do not think anyone has proved that Section 30 of the Financial Administration Act was violated. The special warrants were requested and they were signed. I fail to see how, on the basis of the wording of Section 30 of the Financial Administration Act, a court could decide that the four warrants in this case were illegal.

That is why I don't think there is any need for adding clause 8 to Bill C-14. The four payments made on January 19, February 16, March 23 and April 1 complied with the law. This is my opinion, although no one is infallible.

But they said: It's a precedent, a dangerous precedent. It must not happen again.

To prevent any repetition the Opposition wants to state that the action taken is deemed to have been legal, thus condemning the government's behaviour. But that is what the debate is all about. The action appears to be legal. The action is legal. If we don't like the special warrant system, we should amend the Financial Administration Act to get rid of it. But they say no and fall back on a second argument. "If you prove that it is legal, we will prove that it is unconstitutional." That is the second question and what Mr. Forsey testified about.

Is the Government's conduct unconstitutional, yes or no? Is it contrary to precedents, yes or no? We know very well that an act may be legal but unconstitutional. Or if you prefer, one may act legally and at the same time violate a convention. I am not the one who said that—the Supreme Court did.

We remember very well the facts surrounding the reference to the Supreme Court regarding the 1981 repatriation.

Both Houses of the federal Parliament tried to repatriate the Constitution of Canada with the support of only two provinces. The Supreme Court said that it was legal, but in violation of a constitutional convention because substantial support was required from the provinces, which the Government did not then have.

Mr. Trudeau, the Prime Minister of Canada, said, "Well, I shall go and get substantial support." He called a federal-provincial conference, as you know, for November 1981 and nine provinces said yes.

Québec challenged it, saying that it had a veto right and the Supreme Court said that there was no conventional veto, so substantial support existed and there was no violation.

In these matters, I take the Supreme court as my only guide. It is the guardian of the Constitution. The Court can say whether something is legal or not, if it respects a convention or not, although, as we well know, it cannot impose a convention.

• (1430)

[English]

As stated by the Supreme Court in the landmark case on the patriation of the Constitution, the Constitution comprises a juridical part and a second part composed of the Conventions. The legal part is composed of constitutional statutes and of

principles of common law; those two parts constitute the constitutional law. The second part, the Conventions of the Constitution, are part of the Constitution, but are not included in the constitutional law. Of course, they should be respected.

[Translation]

Has a convention been breached in this case? The opposition says yes. We are saying that if you can ignore Parliament for three months you can do so for eleven months. You will respect the letter of the law but breach the conventions.

[English]

Let's look at the facts. In this case it is not eleven months; it is three months.

[Translation]

The facts are there. There are conventions which are based on reasonable delays.

A new minister who is neither a Member of Parliament nor a senator must, so states the convention, seek election within a reasonable delay.

A minority government brought into office after a general election must recall the House of Commons within a reasonable delay and seek the confidence of the House. Those are two conventions based on reasonable delays.

If there is a third we will have to wonder about the delay.

In my opinion, the government can legally resort to special mandates for a while, but I would suggest that ignoring Parliament for a number of months goes against a common practice, perhaps even against a convention.

But that is not the case here. The Government called Parliament a very few weeks after November 21, 1988, election day. This majority Government quickly received a vote of confidence in the free trade debate, then it decided to adjourn for three months before resuming regular business.

So the question that arises is whether it is really unreasonable to adjourn for three months, so unreasonable as to violate a constitutional convention.

I do not come to that conclusion. Current expenditures were authorized by means of special warrants. Of course, I know that precedents vary. No two are alike. But still, there is a general rule.

Statistics kept since Louis Saint-Laurent's Government show that Parliament, on average, was not recalled until 70 days after a general election.

In this case, the Government recalled Parliament very shortly after the election and then it adjourned for three months.

I do not think that it is so unreasonable as to constitute a violation of a solidly established constitutional convention.

[English]

It is said that Canada is governed by conventions, but it is also governed by laws. We are not only governed by usages and conventions; we have a parliamentary system that is derived from the United Kingdom's. I like that form of government. It is probably the best in the world. But the supremacy of Parliament is under the supremacy of the Con-

stitution, and the Constitution is the fundamental law of the land. Section 52 of the Constitution Act says that the Constitution of Canada is the supreme law of the land.

Senator Grafstein: The Prime Minister says the Constitution is not worth the paper it is written on!

An Hon. Senator: It's only Mulroney!

Senator Grafstein: And your leader in the Senate said the same thing in the Senate.

Senator Frith: A couple more of those comments and I will be on my feet.

Senator Doody: Don't get Senator Frith mad!

Senator Beaudoin: I can only say here what the Constitution of Canada says, which is that the Constitution is the supreme law of the land.

An Hon. Senator: Hear, hear!

Senator Beaudoin: We have also inherited the principle of the rule of law from Great Britain, which is a cardinal principle in our system. Our government is also a government under the laws. This is the case not only in a republican government but also in a constitutional monarchy like ours.

• (1440)

The Supreme Court of Canada, in the *Mercure* case and in the case of linguistic rights in Manitoba, has clearly said that the rule of law is part of our legal and constitutional system.

The Financial Administration Act respects the Constitution of Canada. Parliament had the right to establish the system of warrants, just as it has the right to abolish that system or to modify it.

[Translation]

In its legislation, Parliament can brush aside customs. It can even brush aside conventions as long as it stays within its own jurisdiction and respects the Charter of Rights and Freedoms.

[English]

I am therefore of the opinion that clause 8 of Bill C-14 should be deleted.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I want to repeat some memorable comments made to the Senate by the Leader of the Government on April 6, 1989, when Senator Murray proudly recalled a time long ago, when Mr. Mugabe, at a Commonwealth Conference, said, "Thank God for Prime Minister Mulroney." However, as Senator Frith pointed out a few days later, it has been a long time since the front-line enemies of apartheid have thanked God or anyone else for our Prime Minister. But on the weekend I did read that thanks were being given to the Senate. Marjorie Nichols—

Some Hon. Senators: Oh, oh!

Senator Barootes: The oracle!

Senator MacEachen: —in an article entitled "Conservatives trample on rights of House", described the government's use of

Governor General's special warrants and said, of what we are doing, "Thank goodness for the good old unelected Senate."

Some Hon. Senators: Hear, hear!

Senator MacEachen: I thought I would use that quotation to put my colleagues in a better frame of mind, so that they understand that they are being appreciated by an important journalist.

Senator Flynn: I refuse that compliment!

Senator MacEachen: In that article Marjorie Nichols sensed that there was a constitutional principle involved in this debate. There is a fundamental constitutional principle involved, and the fact that our learned colleague, Senator Beaudoin, spent a good part of his time on the Constitution of Canada underlines that fact.

It is clear that the government, at least in the House of Commons, is uncomfortable with this constitutional and legal question, because yesterday, in rejecting the amendment that had been put forward by the Senate, the President of the Treasury Board put to one side, rather gently, the constitutional and legal question, made a few assertions and then went on to raise a smoke screen and a red herring such that, if the Senate persisted in raising and debating this constitutional issue, it would somehow contribute to the cessation of payments to civil servants or war veterans.

Senator Guay: Not true!

Senator MacEachen: Honourable senators, I am not surprised—and I will return to this point made by the President of the Treasury Board—that the government is not willing to debate the legal or constitutional question in the House of Commons. This constitutional principle has evolved over a period of years, whereby Parliament wrested away from the sovereign the control of the public purse. What began as the divine right of kings evolved into the supremacy of Parliament. That supremacy, in my view, is being directly challenged by the current government, which, through the unjustified use of Governor General's special warrants, is appropriating unto its own hands the traditional authority of Parliament. That is the issue.

It is as if the supremacy of Parliament were but an intervening episode, positioned between the divine right of kings and the evolving divine rights of the Prime Minister and his ministers.

Although yesterday the Prime Minister was eloquently defending the supremacy of the House of Commons, he is, by his very actions, undermining that supremacy. I wonder whether the Prime Minister has really focused on this question. I wonder if the Leader of the Government in the Senate has focused on the question.

I give credit to Senator Beaudoin that he has focused on the issues and has dealt with them from his own point of view. It may be useful in attempting to evaluate the comments that we have just heard from our learned colleague to recall the events that constitute the background to this particular controversy.

Senator Beaudoin seemed to imply that the constitutional issue rested on how long the government kept Parliament in recess or how long a period of time elapsed between the election of the government and the summoning of Parliament. He went on to say that it is not unconstitutional to ignore Parliament for a few months. That may be true, but that is not the point.

The government did summon Parliament last December, but it did not ask Parliament for supply. It dealt with the free trade legislation and adjourned on Friday, December 23, to the call of the Chair. While the Senate was debating Bill C-2 in this place, the House of Commons was adjourned and no attempt was made to seek supply.

In the meantime Supplementary Estimates (B) were tabled in the House of Commons. The question is: Why didn't the government, when it had Parliament at its disposal, seek the granting of supply? Why did it not do what governments have done since time immemorial, when Parliament was in session—seek supply? The government did not.

Parliament then adjourned until early March. The government, during that adjournment, secured supply by the use of special warrants. To add an even greater crime, as it were, to its previous misdemeanours, it then prorogued Parliament and, several days before Parliament reconvened in April, in the early days of April it sought through Governor General's special warrants the sum of \$6.2 billion. We were called here in December and adjourned. Then we were prorogued, and a few days before we were to reconvene the government resorted again to special warrants. It is not a question of ignoring Parliament. It is a question of not putting supply before Parliament, seeking the approval of Parliament for its expenditures when it could have done so, and relying upon Governor General's warrants. That is the issue.

● (1450)

The government appropriated to itself the authority to spend money without seeking the approval of Parliament. We are told that that is fully legal and constitutional. It is a fact, Senator Beaudoin and honourable colleagues, that, if the government can do that for this particular period, it can do that for an indefinite period. It can do it for nine months or it can do it for ten months. Senator Beaudoin shakes his head. Why not? There is no constitutional requirement, except that Parliament meet once a year.

We were told in committee by the President of the Treasury Board that there is no limit on the amounts that can be sought in this way. We were told that any item appearing in the regular Estimates would be subject and could be subject to Governor General's warrants. I believe he further stated that there was no time limit on that particular use of warrants.

Honourable senators, it is not clear that Parliament can be summoned, as it was in December, and then adjourned, and in that period of time, whether it be three months or nine months or ten months, the government can finance its operations by the use of Governor General's special warrants. That is the question before us.

It is interesting that Senator Stewart, in his summation this afternoon, has drawn upon very persuasive evidence given when the amendments were made in 1951. There is evidence from the Deputy Minister of Finance, the solicitor of the Treasury Board and important politicians, arguing conclusions from that amendment which are totally different from the conclusions that have been put forward by the government and, we are told, supported by its law officers.

It is further interesting to note that since these amendments were made in 1951 there is no precedent that can be brought forward to justify the use of warrants in this particular case, that is, when Parliament is adjourned. Senator Roblin said that that is not conclusive. If it is not conclusive, then it is quite instructive.

Dr. Forsey is regarded on all sides as having some competence in the field of our Constitution. As Dr. Forsey explained before the committee last week, if the government can bypass Parliament for three months, what is to prevent its adjourning Parliament for four or five months or even nine or ten months?

Senator Flynn: Inept opposition!

Senator MacEachen: Senator Flynn is obviously in a dream world, because the government has resorted even now to closure on adjournment motions. It has changed the Standing Orders under closure with its massive majority. No opposition could stop it.

Senator Flynn: The adjournment was by agreement on all sides.

Senator MacEachen: The fact that this has occurred is bad enough, but the evidence from the President of the Treasury Board and his officials is that this can be done at any time. It is within the law and is fully constitutional. What is the use of Parliament for supply if special warrants can be used for an indefinite period? Where has the control of the public purse gone?

If Senator Beaudoin believes this is legal, would he not agree that the law should be changed to prevent a government from using warrants in this unjustified and abusive manner? That is what is happening in this particular instance, and that is the constitutional principle that is involved.

Honourable senators, we have today an odd spectacle. The government comes forward with a motion asking us to agree with the conclusions of the House of Commons, without giving us a statement, without giving us any reasons, without any argument whatsoever, and without any defence.

Senator Murray: Where were you last week?

Senator MacEachen: There is a motion before the house that has been moved by the government, and there is not a single statement from the government on that point.

Senator Murray: We thrashed it about last week. You were not here.

Senator MacEachen: We heard an important new statement this afternoon from Senator Stewart, adducing new evidence by the Deputy Minister of Finance on the very amendments

which were made, and there is no reply from the government. They have no answer. They have to go to the law officers to find out what they think.

Senator Murray: Question!

Senator MacEachen: Will you tell us who the law officers are?

Senator Murray: You know who they are.

Senator MacEachen: Who are they? Are they anonymous persons? Tell us who they are. Is it the Minister of Justice or the Solicitor General? Was it the Solicitor General or the Minister of Justice who advised you that everything was legal?

Senator Murray: The Minister of Justice is the chief law officer of the Crown. You know that.

Senator MacEachen: You will not bring them before the committee. We are told by the government that anonymous advice was given by the law officers that this is fine. Will they come before the committee and defend their opinion against the evidence which Senator Stewart put forward today? Will they come and deny the validity of what the Minister of Finance stated when he urged Parliament to adopt this amendment? We would like to find that out. Will they come and stand up before the committee and debate the history and reality of this particular point?

We think this message should go to the committee to have these witnesses, these anonymous law officers of the Crown, whose weight is so substantial, confront the history of this issue.

The second point I would like to make concerns the government's actions of the past few days. When they get into what appears to be a debate, particularly with the Senate, they immediately resort to scare tactics and to smoke-screen tactics. Yesterday we were hearing that if the Senate does not buckle, payments to veterans are in jeopardy.

Senator Olson: Shame on them!

Senator MacEachen: That is a falsehood, a clear falsehood! Even the President of the Treasury Board was not prepared to make a categorical statement to that effect yesterday in the House of Commons. The conclusion of his remarks was: maybe, maybe not; I am not sure. However, why did he say that? It was to create fear in the hope that senators on this side of the house would buckle and fall under the weight of a threat that we were denying pension payments to veterans of Canada.

Senator Flynn: You were not here before 1984.

Senator MacEachen: I want to tell you, honourable senators, that if the President of the Treasury Board cannot guarantee payments to the veterans, then the Liberal Senate will.

Some Hon. Senators: Hear, hear!

● (1500)

Senator MacEachen: I also want to know what happened to the \$6.2 billion that the government took last month? Where did that money go?

Senator Austin: Wasn't the Prime Minister travelling?

Senator MacEachen: Where is that money? Where was it spent? Why was not some of that money kept for the veterans rather than spent in government extravaganzas, like shrubs at the Prime Minister's residence and French wine at the opening—

Some Hon. Senators: Oh, come on!

Senator Barootes: You were first on the Liberal list!

Senator Murray: You were right there!

Senator MacEachen: —of the Canadian embassy in Washington. Where did all the money go? That is a real bluff. I have heard that line before. That is a bluff.

Senator Flynn: Yes? From whom? From whom did you hear it?

Senator MacEachen: The President of the Treasury Board—

An Hon. Senator: Order!

Senator MacEachen: —should have more savvy—

Senator Flynn: Come on!

Senator MacEachen: —than to use that tired-out old line on experienced politicians like those of us who sit on this side of the Senate.

Some Hon. Senators: Hear, hear!

Senator MacEachen: We are not buying it—

Senator Flynn: Because you couldn't!

Senator MacEachen: —honourable senators.

An Hon. Senator: Hear, hear!

Senator MacEachen: We are not buying that line at all.

Senator Denis: No, sir!

Senator MacEachen: We will do our work as members of the Senate, and when we have concluded that we have done our work in the proper way we will conclude this event—not as a result of empty threats from the President of the Treasury Board and others who are so uninformed about—

Senator Perrault: Hear, hear!

Senator MacEachen: —the operations of government.

Some Hon. Senators: Hear, hear!

QUESTION AND MESSAGE REFERRED TO COMMITTEE

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I move:

That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

An Hon. Senator: Ask the lawyers to come forward.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, on a point of order, there is a motion before the house—

Senator Olson: This is an amendment.

Senator Murray: —proposed by Senator Doody a few minutes ago.

Senator Frith: Yes, and a motion to refer a question to a committee is always in order.

Senator Murray: I presume the Leader of the Opposition is attempting to move an amendment to that motion, is he?

Senator Frith: No, he is not.

Senator Olson: You are not serious, surely.

Senator MacEachen: Well, I can only cite the precedent of September 3, 1987, when precisely the same amendment, in the same form, was moved and adopted.

Senator Flynn: By whom?

Senator Roblin: Him.

Senator Flynn: You?

Senator Frith: By the Senate.

Senator MacEachen: By the Senate.

Senator Murray: You have to deal with Senator Doody's motion.

Senator Roblin: His Honour the Speaker can worry about that.

Senator MacEachen: That is the question. When I say "the question, together with the Message", the message refers to his motion.

The Hon. the Speaker: Are we considering this as an amendment to the main motion, honourable senators?

An Hon. Senator: It should be.

The Hon. the Speaker: We have a motion on the floor, and now Senator MacEachen is putting forth an amendment to the motion, is he not?

Senator MacEachen: It is a motion to refer it to committee.

Hon. H.A. Olson: Honourable senators, rule 36 clarifies it completely. You can move a motion to send it to a committee at any time.

Senator Flynn: Thank you.

The Hon. the Speaker: That is what I mean. It is an amendment to the main motion—

Senator Frith: No, it is not.

The Hon. the Speaker: —that was put forth by Senator Doody.

Senator Olson: Honourable senators, we can refer to rule 36 of the Senate, which states:

When a question is under debate, a motion shall not be received unless—

And I stress the word “unless”.

—it is a motion to amend the question, to refer the question to a committee,—

which is precisely what he has done.

Senator Frith: That is exactly what I have said.

Senator Olson: I do not need to read the rest of it, because it is clear that you can move a motion to send it to committee.

Senator Frith: You can always refer a motion to a committee.

Senator Olson: Send it to the committee.

An Hon. Senator: It is a motion in its own right.

The Hon. the Speaker: There is a motion by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Argue, P.C.:

That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

[Translation]

Senator Murray: Honourable senators, I would like to ask the honourable Chairman of the Senate Standing Committee on National Finance if he is willing to call a meeting . . .

Hon. Peter Bosa: The Committee Chairman is not here.

Senator Murray: Senator Leblanc (Saurel) is the Chairman of the Senate Standing Committee on National Finance, is he not? I would like to know if the Committee Chairman is willing to call a meeting this afternoon.

[English]

To the mover of the motion, I would like to know whether, in his view, it would be prudent, assuming the committee could meet this afternoon, for the Senate to arrange to sit tonight to receive a report from the committee.

Senator Frith: No; I would say that that would be imprudent!

[Translation]

Hon. Fernand E. Leblanc (Saurel): Honourable senators, arrangements have already been made in case we have to sit this afternoon. The room is booked. We could wait until tomorrow but we can sit this afternoon if the Senate so desires.

[English]

Senator Murray: Honourable senators, that being the case, I would not want to detain the Senate. It appears that after several hours of caucusing this morning at least my friends opposite have come to a tentative conclusion, an interim decision, as to—

[Senator Olson.]

An Hon. Senator: Stall!

Senator Phillips: Shameful!

Senator Murray: —how they want to proceed. They do not—at least for the moment—accept the verdict of the elected chamber, which has been—

An Hon. Senator: There we go again.

Senator Perrault: A put down!

Senator Murray: —that the elected chamber, the representatives of the people in the other place, do not accept the amendment put forward by the Liberal majority in this place.

Hon. Charles McElman: Could I ask you this: Do you accept the Constitution that this is a legitimate chamber?

Senator Murray: Honourable senators, we have had this discussion on a previous occasion. There is no doubting the constitutional status of this chamber, the powers that were assigned to this appointed chamber in 1867, or the conventions that have grown up—at least in the post-war years—

Senator McElman: Confirmed in 1982.

Senator Murray: —in which the Senate has accepted that it cannot possibly compare its political legitimacy with that of an elected House down the hall.

Senator Gigantès: Article 4 of the Charter gives us the right to override the other House.

Senator Murray: In any case, honourable senators—is that Senator Gigantès?

Senator Doody: Yes. It is all right; do not worry about it.

Senator Gigantès: It is a point of order.

Senator Doody: You will get Senator Frith all upset again with these interruptions!

Senator Murray: Honourable senators, the question has been asked this afternoon, first by Senator Stewart and then by Senator MacEachen in the high dudgeon: Who are the law officers of the Crown?

Senator MacEachen at least, having served many years in several governments of the country, knows perfectly well who the law officers of the Crown are. The chief law officer of the Crown is the Minister of Justice, the Attorney General of Canada. He takes responsibility for the legal advice that is tendered to the government. It is no secret, however—in fact, it is obvious—that he is guided, as the government is, by the advice that is given by experienced, professional counsel in the Department of Justice. It would be—certainly it is in my experience—quite unusual for the Minister of Justice and the chief law officer of the Crown to substitute his professional opinion for that of the lawyers in the Department of Justice.

• (1510)

There was a celebrated and rather unhappy criminal case almost 25 years ago in which that happened. The Minister of Justice at the time was the late Mr. Favreau, and he took it upon himself, in consultation with the Commissioner of the RCMP, to substitute his, or their, legal opinion in a criminal

matter for that of the law officers in the Department of Justice, who were not even consulted. That was subsequently the subject of an inquiry by a Royal Commission and of some quite pertinent remarks that Mr. Justice Dorion, as he then was, made at the time. The results were extremely unhappy.

Honourable senators, this matter involves the spending power of Parliament; it involves the prerogatives of the Crown and the rights of the government under the existing legislation, and it is an important matter, as honourable senators have pointed out. However, for a minister of justice or a government to act in a way that legal counsel had already advised them was illegal or unconstitutional would, I think, be an extremely irresponsible step for any minister of justice or any government to take.

Then the honourable senators on the opposite side wanted to know, did we probe the law officers sufficiently or did we ask the right questions of the law officers. Honourable senators, the inference drawn by Senator Stewart is very clear: it is that ministers and their legal advisers play games with each other; that they play the kind of word games that we have seen played here today, and in committee and in the Senate itself in the past week or so.

Senator Roblin: Senator Stewart ought to know about that!

Senator Murray: The inference is clear that, if we couch the questions that we put to our legal advisers carefully enough, those legal advisers will give us the advice that they think we want to hear.

Honourable senators, the law officers, the people who advise the Minister of Justice and the government, give their advice in writing and they put their professional reputations on the line. Also, opinions of this nature are not drafted by one lawyer and sent up to quickly become the judgment of the chief law officer of the Crown. In fact, they are vetted, they are discussed and they are verified. They are not always right, as we know. The Attorney General of Canada loses cases in court; so they are not always right—

Senator Grafstein: Exactly.

Senator Murray: "Exactly" says Senator Grafstein, but, until Senator Stewart and Senator MacEachen came along, I had not heard their professional integrity questioned. It is not their custom to play games with ministers of the Crown. They give their advice; they give it in writing, and we are acting on that advice, let me assure the honourable senator.

Hon. John B. Stewart: May I rise on a point of privilege? I certainly did not intend to imply that their personal integrity was in any way in question. The situation is really very simple. Somebody looked at subsection (5) of section 30. It is conceivable that somebody looked at it rather hastily and found that it seemed to have an obvious meaning. However, if one paused for a moment—and I would assume that the Minister of Justice would have paused for a moment—and asked: "What are the constitutional implications of that interpretation?", he would have concluded that the superficial meaning must be wrong. That is what we are saying. That is why I asked: "Did you probe behind the superficial meaning?"

Senator Murray: I think we have heard enough!

Senator Stewart: That is why I raised my question of privilege, honourable senators. I do have a question of privilege here, honourable senators—

Senator Murray: I think we have heard enough. The honourable senator has made his point, and I would like to continue. Now the honourable senator is telling me that he is not questioning the professional or personal integrity of the legal advisers to the Crown; he has simply told us that they are superficial in the advice that they give to ministers.

Senator Stewart: That is a remarkable difference.

Senator Murray: Nonetheless, I am glad to have it on the record. The law officers of the Crown, the people who advise the Minister of Justice, do as the senator inferred earlier; namely, they play games with ministers. If ministers are smart enough to couch the question and to limit it in just the right way, the law officers of the Crown will give ministers what they think ministers want to hear. The law officers of the Crown will give ministers "superficial advice", to quote the honourable senator. This is nonsense, and it is not at all justified by the quality of the advice that this government and previous governments—

Senator Roblin: Considering MacEachen's experience.

Senator Murray: —have consistently received from law officers of the Crown.

Senator MacEachen: Why don't you get on your feet?

Senator Roblin: I just might.

Senator Murray: Having said that, I ask: Of the opinions we have received, whose opinions do we oppose? We oppose the opinion of Dr. Forsey. So be it. We oppose the opinion of Senator Frith.

Senator Phillips: Oh, no!

Senator Murray: So be it.

Senator MacEachen: You haven't got Gordon Robertson's opinion yet!

Senator Murray: However, honourable senators, we have the advice that has been given to the government, including that given by none other than the Law Clerk and Parliamentary Counsel of the Senate, a very experienced counsel to this chamber of Parliament.

Yesterday Senator Frith ventured further into the realm of free legal advice, when he told us:

The authority to spend money does not expire today. The warrants expire, but the government took some \$6 billion out on the basis of the warrants. If they are out of money, they are out of money because they spent that, not because it is May 15.

Then he said:

I see no reason why the Senate should act as if they believe this smoke screen being put up on the issue, by accepting to reconvene at six o'clock and thereby implying

that we think there is urgency when, in fact, we know that there is not.

That is germane to the arguments made earlier by the Leader of the Opposition to the general effect that, if there is money left over from the Governor General's warrant, we should be able to spend it on the purposes authorized. Again, I have to tell the Leader of the Opposition and his chief legal advisor, Senator Frith, that the legal advice we have received on this very point is that the expenditure authority conferred by the Governor General's special warrant of April 1 expired at midnight last night. The point is that the warrant itself, signed by Her Excellency, authorizes the President of the Treasury Board to pay out a certain amount of money from the Consolidated Revenue Fund "for the purposes set forth in the schedule hereto." The attached schedule is entitled "Special Governor General's Warrant Providing for Expenditures up to May 15, 1989." The legal advice with regard to the warrant that the government has received is that it expired at midnight last night and that the Governor General only authorized the government to expend moneys up to May 15, 1989. Of course, with Parliament now in session, we would face another firestone from honourable senators opposite if we disregarded that advice and went beyond the May 15 date and continued to spend from the moneys that were made available on the Governor General's warrant.

Senator MacEachen: May I interrupt the Leader of the Government to ask if the expiry date is included in that part of the warrant signed by Her Excellency?

Senator Murray: Honourable senators, the warrant signed by Her Excellency reads as follows:

Special Warrant Issued pursuant to section 30 of the Financial Administration Act.

Pursuant to Order in Council P.C. 1989-545 of April 1, 1989 the President of the Treasury Board is hereby authorized to pay out of the Consolidated Revenue Fund the amount of \$6,175,011,778 for the purposes set forth in the schedule hereto.

It is signed by Her Excellency.

Senator MacEachen: Is that the point where the signature takes place?

Senator Murray: That is where the signature takes place.

Senator MacEachen: That answers my question. The portion signed by Her Excellency does not contain a date.

Senator Murray: Honourable senators, my honourable friend is entitled to do this. That is, he is entitled to put forward his legal opinion against the legal opinion we have received.

Senator MacEachen: I just asked a question and I got an answer.

Senator Murray: My friend has done more than ask a question. He has given us his legal opinion.

Senator MacEachen: Not at this point!

[Senator Murray.]

Senator Murray: I am telling the honourable senator, with all the respect that is his due, that the government is inclined to accept, over Senator MacEachen's legal opinion, and even the legal opinion of Senator Frith, Q.C., the legal opinions given by the law officers of the Crown.

Senator MacEachen: Anonymous, uncited individuals!

Senator Murray: My honourable friend has been around long enough to know why governments do not put legal opinions on the table. Indeed, I believe there is a rule to that effect in the other place. In any case, there is the longstanding custom that governments do not release legal opinions provided to them.

Senator Frith: What is the legal opinion? Is it that the government cannot sign a cheque for anything after midnight? That is not the opinion you are talking about.

Senator Murray: I just told the honourable senator that the legal advice we have received is that the expenditure authority conferred by the Governor General's special warrant expired at midnight last night and that we are not—

Senator Frith: And that they cannot write any cheques?

Senator Murray: The Governor General has authorized the government to spend moneys up to May 15, 1989.

Senator Frith: I will speak to that.

Senator Murray: Now, the fact of the matter is that supplies that were contracted for and that arrived before midnight last night could be paid for today. Supplies that arrive today cannot be paid for today.

Senator MacEachen: How about next week? Would that do?

Senator Guay: You could have sent out the cheques yesterday!

Senator Murray: The veteran who takes a prescription to the pharmacy today and then goes to the local DVA office to be reimbursed for that prescription, whereas he or she would normally be reimbursed in a couple of days, as the system works, cannot now be reimbursed until supply is granted.

Senator Frith: I don't believe that's right! Anyway, I will speak to it.

Senator Murray: In the case of veterans' pensions and allowances, I do not know how much lead time they have.

Senator Guay: Why didn't you send the cheques yesterday?

Senator Murray: I do know that the cheques will have to be in the mail very soon.

Senator MacEachen: Why didn't you bring Parliament back and deal with this in February and March? That's the point!

Senator Murray: I have made inquiries and I can tell honourable senators that the pay cheques for the Royal Canadian Mounted Police and their employees are in the hands of the commanding officers across the country in the various detachments. Normally these pay cheques would be released on Thursday. If supply is not granted, of course, the

commanding officers will not be authorized to release those pay cheques, and we are talking about \$30 million—

Senator Frith: What do you mean, "of course"? Why "of course"?

Senator Murray: "Of course", because of the legal opinion.

Senator Frith: Because you say so?

Senator Murray: I say so, engaged as I am in my responsibility as a minister of the Crown, on the basis of legal advice that we have received. I know that even after almost five years Senator Frith finds it very difficult to accept that his party is not in office any more and that other people have the responsibility of the government and must act in consequence thereof.

Some Hon. Senators: Hear, hear!

Senator Murray: I should tell the Senate as well that yesterday, at about six o'clock in the evening, the Secretary of the Treasury Board sent to all deputy heads and heads of agencies a memorandum on this matter, which I shall read to honourable senators and place on the record, so that they may have an understanding of the situation that the government and Parliament face as a result of not having been granted supply. It is addressed to deputy heads and heads of agencies and is headed: "Subject: Temporal expenditure restrictions."

● (1520)

As you may be aware, the Interim Supply Bill has not received Royal Assent and the authorities provided under the Special Governor General's Warrants of April 1, 1989 covering the first 45 days of the 1989-90 fiscal year expire on May 15, 1989. Consequently, in accordance with Section 33 of the Financial Administration Act, no payments, including grants, contributions, and other transfer payments, are to be made as of 12:01 a.m. May 16, 1989 except in those instances in which the good or the service was provided in full according to the terms of the contract prior to May 16, 1989. This applies not only to Receiver General cheques, but also to cheques drawn on Departmental Bank Accounts and the issuing of travellers cheques.

The above restrictions do not apply to authorities provided through statutory appropriations of Parliament.

Senator Roblin: Do not forget senators' pay.

Senator Murray: Senator Roblin reminds me that this applies to senators' pay—just in the event that any honourable senators are concerned. Perhaps that is what took up so much time at their caucus this morning. This document goes on to state:

Accordingly, the President of the Treasury Board has directed that as of Tuesday, May 16, 1989, the balance of uncommitted funds granted through the Special Governor General's Warrant of April 1, 1989 is to be considered unavailable until such time as supply is granted for Appropriation Act No. 1, 1989-90.

It is signed by the Secretary of the Treasury Board.

Senator Frith: Will the honourable senator be tabling that document?

Senator Murray: I have read the document into the record, so it will be there for my honourable friend to read. There is no great secret about it.

Senator Frith: Will it be produced at the committee meeting?

Senator Murray: It has been read into the record.

Senator Frith: If you refer to a document, you should table it.

Senator Murray: I will be glad to table the document, if the honourable senator is interested in it.

Honourable senators, as the legal advice has indicated and as I have stated, the warrants expired at midnight last night. We have no authorization to spend beyond that date. There are payments, such as the payments under health care, home care and care in institutions for veterans and veterans' pharmaceutical purchases, that cannot be refunded or reimbursed until supply is granted. The RCMP payroll, which is due on Thursday, is the next deadline we face. After that, of course, we are into serious questions involving veterans' allowances, pensions, civil servants' pay and so forth.

Of course, Senator MacEachen has already given an undertaking to the veterans of Canada on behalf of Liberal senators. I hope he will extend that guarantee to cover, as well, veterans' health benefits—the assistance they receive for health care in their homes and in institutions and, of course, reimbursements for treatment provided or drugs bought after May 15, which cannot now be reimbursed. I would hope he might also wish to extend his assurance to cover members of the Royal Canadian Mounted Police and their civil service employees, whose \$30 million payroll is due on Thursday.

I must say, knowing what we know about the financial situation of the Liberal treasury, I am not sure whether to take the assurances of the honourable senator very seriously.

Senator Guay: What are you smiling for?

Senator Murray: Honourable senators, I can count. Other senators may wish to participate. I simply appeal to those members of the committee on the other side, especially Senator Stewart, who has been conducting a one-man marathon in that committee, to bear in mind the serious consequences of delaying this supply bill any further. I would like, therefore, to see the committee report tonight. We, on this side, are ready to sit tonight to receive that report, to pass the bill and to get Royal Assent. If not, of course, we can sit tomorrow morning at ten o'clock, if honourable senators are ready to do so. We take this matter very seriously and we do not wish to be associated with the highly undesirable consequences of not passing this bill.

Some Hon. Senators: Hear, hear!

Senator MacEachen: May I ask the Leader of the Government in the Senate a question? Am I correct in asserting that there is no payroll involved, except the payroll of the RCMP,

which will be, apparently, payable on Thursday? Am I correct that there is no payroll involved with war veterans' allowances or salaries of public servants and that the only items involved are reimbursable expenses for veterans, which, in any event, if submitted today, would not be reimbursed that day but several days later? That is the understanding I have.

In the light of that, I have no hesitation in repeating an assurance which I gave yesterday afternoon, when I was asked by the press, that the Liberal senators have no hesitation in guaranteeing that all these obligations will be fully met.

Hon. Jacques Flynn: Would the Leader of the Opposition say that when we were given the same kind of warning by Senator Perrault, Senator Olson and Senator Frith some years ago it was not true? We were not told the truth at that time, that all the pay cheques were stopped immediately.

Senator MacEachen: Perhaps you could tell me what specific instance you have in mind.

Senator Flynn: In all cases of supply.

Senator MacEachen: Give me some concrete examples.

Senator Flynn: We were always told that if we did not give supply right away all payments would stop and pensions and so on and so forth would not be paid. I challenge Senator Frith to say that we were not given that warning on several occasions before 1984.

Senator Murray: Honourable senators, in answer to the question put by the Leader of the Opposition, the most immediate problem does concern the payroll of the RCMP, but I am rather concerned at the casual attitude of the honourable senator towards the payroll of the mounted police. They are on duty throughout the country at various detachments. So, too, are their civilian employees. It involves a \$30-million payroll. The cheques are in the hands of the commanding officers across the country and we would like to see this bill through so that they can be paid, as scheduled, on Thursday.

By now, in the normal course of events, the senior financial officer of the Department of Veterans Affairs would have attested that there are sufficient uncommitted funds remaining to pay the pensions and allowances to veterans. He cannot do that. Until he does that, no cheques can be put in the mail. That is a fact.

Senator MacEachen: That is clear.

Senator Murray: I am glad it is clear to the honourable senator. If it is that clear to him, then he will lose no time—if the committee must meet again—in getting the committee to pass this bill back to the Senate so that the bill might be passed.

Senator MacEachen: The only deadline you have given us is Thursday. You have been very clear on that. You have told us that it will be very late on Thursday. Do not try to change your tune.

Senator Murray: No, no. I want this to be well understood so that the responsibility will lie where it should.

Senator Lang: In the government's hands!

Senator Murray: We have passed a deadline with regard to those veterans' allowances and pensions. By now the senior officer in the Department of Veterans Affairs should have signed off and attested that there are sufficient uncommitted funds remaining, so that the process can begin and the cheques can be put in the mail. Cheques will go out in the mail later this week.

• (1530)

Senator MacEachen: What date?

Senator Murray: I do not know what date.

Senator MacEachen: Well, you should know, if you are telling us it is urgent.

Senator Murray: It can be any time, he attests.

Senator MacEachen: When would they go in the mails this week? What date?

Senator Murray: I do not know what date—

Senator MacEachen: Do not come pleading to us when you do not know.

Senator Murray: —but I am telling the honourable senator that they can start now.

Senator MacEachen: Of course, they could be signed.

Senator Murray: Yes.

Senator MacEachen: They could have been signed last week.

Senator Murray: No. They could not have been signed last week.

Senator MacEachen: The point is that you are telling us that money is urgently needed, but you cannot tell us when the cheques are going to be in the hands of the veterans.

Senator Murray: I assure the honourable senator that if this bill is delayed, they will be in the hands of the veterans later than they would normally be. I am telling the honourable senator that normally by this day the senior financial officer in DVA would have signed off and attested that there were sufficient funds remaining and the cheques could start going in the mail at any time after that. That is the information I received.

Senator MacEachen: That does not answer the question.

Senator Murray: If the honourable senator wants to take chances and wants to split hairs on the matter, then let him do so!

Senator Perrault: Go out and make a phone call!

Senator Murray: However, I hope that the Senate will have acted in good time—

An Hon. Senator: Hear, hear!

Senator Murray: —so that nobody will be victimized—

Senator MacEachen: We have given that guarantee already.

[Senator MacEachen.]

Senator Murray:—by the games that are being played here.

Senator MacEachen: We have given you that guarantee.

Senator Murray: I simply appeal to honourable senators and tell them that we intend to vote against this motion, of course.

Senator MacEachen: In an orderly manner.

Senator Murray: If it passes, I appeal to honourable senators to do their best to get this bill back here tonight or, if that is not possible, then by tomorrow morning at ten o'clock. We would be here for such a session—

Senator MacEachen: You are not helping your case by that childish performance!

Senator Murray:—so that supply could be granted and Canadians—veterans, members of the RCMP and others—would not be victimized by the political games that have been played in this place—

Senator Stollery: It is too bad they did not think of this when they were giving their Estimates.

Senator Murray:—by the Liberal opposition.

Senator Frith: Honourable senators, I do not understand the point of this motion in the same way as Senator Murray seems to. In my opinion, he is missing the point of the motion if he thinks that it is based on our feeling that the law officers of the Crown are unprofessional.

Senator Murray: “Superficial” is what you said.

Senator Frith: Although I am a lawyer, I know that the rule of law does not mean the rule of lawyers. It means the rule of law, not the rule of lawyers. I do not think that the point here is really that hard to grasp. A question has been raised in Parliament—in a part that is, as you admit, an authentic part of Parliament—and some dispute has arisen as to legal opinions about it.

Now, I took the trouble to make some inquiries also; first, in the committee on the constitutional and legal side. On that side, it seems to me that the reason we want the issue referred to committee is in order to hear some evidence on that. I assume that the Leader of the Government will produce for the committee the Minister of Justice, whom he says is the man responsible for this opinion, for their version of the legal issue.

Senator Murray: No, no.

Senator Frith: Now we see how generous and open on the question of parliamentary principle and tradition the government is. The Leader of the Government here says that the person responsible for the opinion that the government holds on this issue, namely, that what they did was legal and constitutional, is the Minister of Justice. The question before us is: Is it legal and constitutional? We have differences of opinion on it, but that is the question.

Senator Murray: Big deal!

Senator Frith: Then we asked to send the matter to committee, as we routinely do with bills, and recently have done with

messages, but he will not produce any witnesses. Well, I am not surprised that he wants us to report tonight. Why bother having the sitting at all?

Again there are two issues. The first is the question of legality and constitutionality. The best witness on that subject, from the government's point of view, best witness to represent and support the government's point of view, is the Minister of Justice.

● (1540)

The next question is whether the government can write cheques. Senator Murray has made some inquiries, but seems to think that I did not make any because I have been suffering for five years over the fact that our party is not in power, which is as relevant as the Prime Minister's comment that the present constitutional issue has something to do with strategy in the last election. If we, in fact, were responsible for the fact that he won, he is an awful ingrate. You would think he would be thanking us instead of dumping on us.

As I said, the next issue is whether these payments can be made, and there is the question of the interpretation of the expiry of authority. I made some inquiries, too. I made inquiries of people who I think know what they are talking about. I asked if the authority under Governor General's warrants is an authority to write individual cheques or to write cheques to pay particular accounts.

Senator Murray: Who are these anonymous people?

Senator Frith: I will produce them when you produce the Minister of Justice. You bring the Minister of Justice to the committee and I will divulge my sources.

Senator Flynn: Are they the same sources Senator Frith had before 1984?

Senator Frith: I am coming to that. Don't be impatient. All questions will be answered in due course, but in turn.

The questions raised on this matter of constitutional and parliamentary importance are: Is it constitutional and legal? Is it unprecedented? Will it create a dangerous precedent? Those are the main issues. These questions will be asked at the committee meeting, and if the committee is not to be given any evidence to support the government's position, then what conclusion is the committee to come to in its report?

The second question relates to payments. I asked this question: When Governor General's warrants are issued—I know from reading the act that they constitute an authority, just like an appropriation—is that authority an authority to make payments, that is, write out cheques, until the expiry date of the warrant? Or can the government use that authority to take out money, against which it then writes cheques? I was told that the Governor General's warrants give the authority to take a chunk of money out of the Consolidated Revenue Fund and then the government can write cheques, and that in fact is what it does, and, in fact, that is what it did in this case.

So it is true that, as of last night, the government has no authority to take another chunk of money out of the Consolidated Revenue Fund; but, in my opinion—and I should like

to ask someone about this tomorrow—it is not true to say that the government cannot write any cheques, because it will find the funds.

What evidence do we have to support the fact that the government will find the funds? Well, we have the evidence, which is only about six minutes old, that in DVA there is an officer who can certify that there are sufficient uncommitted funds. We know that if there are uncommitted funds they can be used.

Senator Murray: He cannot authorize that until supply is granted.

Senator Frith: The money is there and was taken out on the authority of the warrants. The statute says that and the practice says that. The statute clearly provides that a Governor General's warrant is the same as a supply vote in that they both constitute an authority, and that authority is to take money out of the Consolidated Revenue Fund.

The point is this: No one would expect Senator Murray to say, "Oh, yes, you are right", any more than I would say, "Yes, you are right", to these differing points of view, but if we are going to refer this to committee, as we are, and if the government wants speedy action from the committee, then I suggest it provide the two best witnesses on these two principal points, the Minister of Justice on whether this is legal and constitutional—and then let's hear why he says that it is—and the President of the Treasury Board to explain to us whether this question of not being able to pay these accounts is a matter of law, fact and practice, or is what I suspect it is: flimflam!

Hon. Finlay MacDonald: Honourable senators, I wish to address a few brief remarks to the motion to refer this matter back to committee. I want to assure honourable senators that I have no intention of getting into the legality or urgency, or matters of that kind, since that field has already been covered.

One of the matters that have concerned me in recent months, which is a great pity, is the almost indifference of the Canadian public to arguments, however literate, however erudite, on matters involving the Constitution, parliamentary custom, usage or convention. I said it is a pity; perhaps I should make that stronger: it is a tragedy if it has become pedantic to make arguments that are lucid and erudite.

I have no quarrel with the right of the Senate to handle this matter in the way it is handling it, but I have some curiosity. Senator MacEachen was away last week—

Senator Roblin: He missed all the good stuff!

Senator MacDonald: I should have thought that, when this was first referred to committee, students of history would have been better served if by being able to look back and find in the report of the committee the reasons the committee thought that the actions of the government were unprecedented, irregular, illegal, or whatever. But, instead, the committee put in a red flag. It said: "Deemed to be legal." That is the amendment.

[Senator Frith.]

Surely this is Senate roulette. Honourable senators opposite knew the amendment was coming back and they knew that this bill was going to be referred to committee again. They knew that the committee was going to make the observations which it should have made and which it had the right to make when it was referred to committee last week. Surely honourable senators opposite had all of the information at that time. They had all of the questions ready that they wanted to ask. Can someone explain how this process is helped by this strategy?

Senator Frith: We thought you would never ask!

Hon. Douglas D. Everett: Honourable senators, I would be glad to attempt to explain to the honourable senator why the committee did what it did. Basically, what we are concerned about here is the precedent that will be established by this action, and the likelihood that it will be used time and again to erode one of the most important powers that Parliament has.

Senator MacDonald: Do you not think that I understand the issue? I understand the issue. I have accepted the inevitability—

Senator Olson: You just asked for an explanation.

Senator Everett: Perhaps I misinterpreted the honourable senator. He said that Senator MacEachen was not present last week, yet, when he described the situation, I was under the impression that he was not present last week either.

In any event, what we are dealing with here is a precedent, and the importance of that precedent.

Senator Flynn: Which one?

Senator Asselin: He understands that.

Senator Everett: He has just said that he does not. The Leader of the Government has said that we should take this matter seriously. If the government wants to take this seriously, then why not pass the amendment that was put forward? The government has said: "Let's stop playing games." In fact, it is the government that is playing games.

Senator Murray: You are asking the government to say that the government, and, by the way, the Governor General, committed an illegal act.

• (1550)

Senator Everett: On the contrary. You have stated that your actions are legal, but it goes further than legality; it goes to custom and usage and what occurs if you take this action. I can argue the legal principle, because in looking at the statute I believe that you can look at the question of urgency and say that, in a situation in which the House is dissolved and in which Parliament cannot be called back, the government can indulge in normal spending through Governor General's special warrants.

But in the situation that occurred here, as Senator MacEachen has explained, when Parliament was merely adjourned or, in the latter cases, prorogued, then that urgency escalates.

Senator Flynn: The urgency escalates? What urgency?

Senator Everett: The urgency that is described in the section of the Financial Administration Act. The Financial Administration Act clearly says that these expenditures have to be urgent. It has been interpreted to mean unforeseen and urgent.

Senator Flynn: It is not in the act.

Senator Frith: Yes, it is.

Senator Everett: In the case of an adjournment and in the case of prorogation, where Parliament can be called back, clearly the urgency escalates.

Senator Flynn: What is the difference between Parliament's not being in session, or being dissolved, and its being adjourned? Where is the difference in the act or the text?

Senator Everett: In the definition of urgency itself.

Senator Flynn: No!

Senator Everett: It goes to the very essence of Parliament, my friend, that Parliament has control over the purse; and if Parliament can be recalled it can be recalled in the case of prorogation and it can be very easily recalled in the case of adjournment. If we believe in the principle of parliamentary democracy, then where we can recall Parliament we should do so. Therefore, the argument of urgency escalates. In fact, in the 1951 or 1958 amendment—

Senator Flynn: That is not in the text.

Senator Everett: —section 30 subsection (5) does not change that test one iota. We are dealing here with a very archaic power. Senator Roblin has told me that it was used by the Imperial government in Britain to control the Governors General originally, and Senator Stewart has said that it was used by Governors and Governors General so that the spending power of Parliament or the assembly in Canada could be overridden.

But this power does not exist in the United Kingdom. It is not used, to my knowledge, in Australia or in New Zealand. In fact, I believe there is very little use of this power throughout the world. When Britain dissolves Parliament for an election, Parliament passes supply at that time, and it does not use warrants, because it does not have them there for use. If you are really concerned about what Senator Stewart is saying to us, take the matter seriously. Stop playing games!

An Hon. Senator: Right on! Right on!

Some Hon. Senators: Oh, oh!

Senator Everett: You are the people who are not taking it seriously. You are the people who are playing games!

Senator Frith: Hear, hear!

Senator Everett: If you were serious about this, you might not accept our amendment but you would surely propose an undertaking that this not form a precedent—

An Hon. Senator: Or happen again.

Senator Everett: —and you would undertake, as the government leader stated, to amend the Financial Administration Act.

Senator Grafstein: Absolutely!

Senator Everett: Why don't you propose that?

Senator Olson: Promise that you will!

Senator Grafstein: Promise that you will! You will have your chance.

Senator Everett: Why don't you give us an undertaking?

Senator Murray: Look, if the honourable senator wants me to propose that the Standing Senate Committee on Finance take under study the Financial Administration Act—

Senator Grafstein: Undertake it from the government!

Senator Murray: —and legislate from that side, I will be glad to do that right now. That is what I suggested, and that would be the appropriate way to proceed.

Senator Frith: That is his version of a firm undertaking.

Senator Grafstein: Give us an undertaking from your government.

Senator Everett: That is nothing more, honourable senators, than sophistry. If you really believe that games are being played, then you should say that this is not a precedent, and undertake to bring forth amendments to the Financial Administration Act—

An Hon. Senator: Hear, hear!

Senator Everett: —so that this will not happen again.

Senator Murray: Make us an offer!

Senator Everett: My friends, we are dealing here with the essence of parliamentary democracy. I doubt if anyone in this entire chamber would seriously interfere with the power of Parliament to control the purse.

Senator Grafstein: Absolutely not!

Senator Everett: Everyone has been taught in history class over the years to know that the control of the purse is essential to parliamentary democracy. The government has done something wrong, but instead of standing up and admitting it—saying that it will not happen again and that it is not a precedent—and getting the cooperation of this side of the house, the Leader of the Government in the Senate persists in arguing that veterans and the RCMP will not receive their cheques.

Senator Murray: Pass the bill by Thursday. Will you pass the bill by Thursday?

Senator Everett: Well, if you really care, why don't you enshrine the principle of parliamentary democracy and say that this is not a precedent and amend the Financial Administration Act?

Some Hon. Senators: Hear, hear!

Senator Flynn: Honourable senators, every time Senator Everett talks in that tone, I am astonished. I am really disappointed that he let himself get carried away—that is not putting it too strongly—as he seems to, by Senator Frith's

tactic based on the argument by Senator Stewart (Antigonish—Guysborough).

I just want to respond to his main point. He tells me that the urgency is greater when Parliament is only adjourned. Is that not right? That the Government's authority to proceed by Governor General's special warrants is more acceptable, if I understood correctly, when Parliament is dissolved or when Parliament is prorogued.

[English]

Is that correct? Your thesis is that there should be more urgency, in the sense that you give to this word, because there is no difference in the text. There is more urgency for parliamentary approval when Parliament is merely in recess than when it is dissolved or prorogued. That answers your argument.

Senator Frith: No, that is not what he said at all.

Senator Flynn: Let him answer. Don't mix him up any more than he already is!

Senator Guay: You were all on holidays for too long.

Senator Everett: I am merely saying that if you, as a government, have the advice of the law officers that what you have done is legal, I can postulate as believable an argument, and probably win it in the courts, using the concept of the escalation of urgency; but I go further than that. I go to the constitutional usage, against which you cannot argue. Let us leave legality aside for the moment.

Senator Murray: Legality is what is in the amendment.

Senator Everett: Let us use legality in the broadest terms. That is what is meant by the amendment.

Some Hon. Senators: Oh, oh!

Senator Everett: What you are doing is deemed to be legal and constitutional, and that is what we are saying, and we are right.

Senator Flynn: You are switching!

Senator Everett: I am not switching at all!

Senator Flynn: You are switching, because—

Senator Everett: If you have time, I will make the speech all over again.

Senator Flynn: Oh, yes, I know, but this is the third time that you have made it. I am trying to understand your argument. Now you are switching. You say that the urgency of asking for special warrants escalates when Parliament is only in recess.

Senator Frith: No!

Senator Flynn: Yes, that is what he said. Now you do not want that. You do not like it.

Senator Frith: No, you did not like the truth, and now you are trying to change it.

Senator Flynn: Speaking of the truth, my friend—

Senator Frith: It is so clear in the statute.

[Senator Flynn.]

Senator Flynn: My friend did not reply when I asked him about the warning that he gave us when he was Deputy Leader of the Government and wanted us to pass a supply bill, and he also said that the cheques would be withheld and no one would be paid.

Senator Frith: You show it to me.

● (1600)

Senator Flynn: I remember that. I will put it on the record, if you like.

Senator Frith: You show me a situation exactly like this in which I behaved as you are behaving. Go ahead!

Senator Flynn: I am speaking of the assurance or the warning that you gave us.

Senator Frith: Go ahead, turn up such a situation, if you can!

[Translation]

Senator Flynn: Honourable senators, I come back to the point I wanted to make. Senator Everett's argument overlooks the fact that the Financial Administration Act fundamentally changed the constitutional convention. The convention is now what the Financial Administration Act says it is. Do not try to dream, to pretend that it is different from what the Act says.

[English]

Senator Frith: That's crazy! The Constitution is there. When a law is inconsistent with the Constitution, the Constitution prevails. What else is the Constitution for? That is a joke!

Hon. Jeremiah S. Grafstein: That is what Senator Beaudoin said. He said that the Constitution is supreme. Is the Constitution not supreme?

Senator Frith: Is the Constitution not supreme?

Senator Flynn: Give me the text of the Constitution that is contrary to that of the Financial Administration Act. Give me that! You are talking through your hat!

Senator Grafstein: Senator Flynn knows the difference between an opinion dealing with illegalities or the breach of a statute and an opinion dealing with constitutional practices and conventions. And Senator Beaudoin made a very good point about that.

Senator Flynn: You are not going to lecture me as if I were a child!

Senator Grafstein: I'm not. Nobody could lecture you!

Senator Flynn: Certainly not you, anyway!

Senator Frith: Nor could anybody treat you like a child.

Senator Grafstein: Honourable senators, allow me one point. Senator Flynn sat with me in the Standing Senate Committee on Legal and Constitutional Affairs. At that time we received opinions—veiled opinions—from the government dealing with the supposed conformity of a draft statute on immigration and amendments to the Criminal Code. We received opinions saying that it was "legal and constitutional".

Subsequent to those opinions, we received opinions from three constitutional experts saying that those statutes were unconstitutional. In fact, the Senate and the House of Commons amended those statutes to conform to the Constitution.

Surely there is a similar situation here. We have received anonymous opinions from the law officers of the Crown dealing with "some point of illegality", without any explanation. Then you say that they are supreme. Well, they are not supreme. That is the point made by the Leader of the Government in the Senate, and that is not correct.

We are entitled to understand constitutional opinions and we have received strong constitutional opinions. Senator Beaudoin has made the point that the Constitution is supreme, and this act of Parliament is unconstitutional, clearly.

Senator Flynn: Oh, now we have something new. Honourable senators, we have something entirely new now: The Financial Administration Act is unconstitutional. Well, I challenge you, my friend, to challenge the constitutionality of the Financial Administration Act!

Honourable senators, this is another switch. Senators opposite don't know where to hide. One moment they hide behind the fact that the warrants were issued while Parliament was in recess and now they say that the Financial Administration Act is unconstitutional. Nobody ever dared say that before. Senator Grafstein is the first to say that.

Senator Gigantès: He did not say that!

Senator Frith: What the government did under the act is unconstitutional.

Senator Grafstein: I did not say that. What I said was—

Senator Flynn: You did not say that? Well, you don't know what you are saying! Sit down and leave me in peace, for God's sake!

Senator Grafstein: As a former law officer of the Crown, why are you not allowing us to have a reasonable and reasoned debate about the important issue of parliamentary democracy? I do not understand you. I respect you, Senator Flynn—

Senator Flynn: Well, I do not respect your opinion!

Senator Grafstein: —and I have listened to you carefully, but, when it comes to constitutional democracy, each senator has a duty to uphold the Constitution. That is what senators on this side of the house are seeking to do, as I am sure are senators on the other side.

Senator Flynn: If you tell me that you did not say that the Financial Administration Act is not constitutional, then I don't understand; there is something wrong with my hearing.

Senator Grafstein: Perhaps you should listen more carefully.

Senator Flynn: But you did say it, because I was saying that conventions can be changed by law. And the convention was changed by law and, whether you like it or not, the law is there. The Financial Administration Act is there.

Senator Grafstein: It is the interpretation of the law and the practice of law we are talking about.

Senator Flynn: You do not invoke the Constitution? Sit down and leave me in peace! You don't know what you are talking about! You are only confusing the issue. I understand that you are confused yourself, but don't try to confuse everybody else! I have never heard anything like it.

[Translation]

To get back to Senator Everett's argument that the situation is more serious when Parliament is adjourned—

Hon. Philippe Deane Gigantès: That's not what he said.

Senator Flynn: Not him again!

Senator Gigantès: Maybe I should explain, maybe I should interpret what he said! You don't want to understand what he said. You are just being stubborn.

Senator Flynn: Senator Gigantès, the plague from Athens! Come down from the Acropolis and listen and be quiet!

Senator Gigantès: Well, my logic is still better than yours!

Senator Flynn: At least I am not full of sound and fury!

Senator Gigantès: Well, Senator Flynn, first we have to understand what Senator Everett said.

Senator Flynn: I tried to discuss Senator Everett's argument. I think we are all aware of its weaknesses. Senator Everett said that when Parliament is just adjourned, it should be recalled and asked to pass an appropriations bill.

The reverse is true. I agree that when Parliament is simply adjourned, it is very easy for the Government to call it back. For instance, under Rule 14(a) of the Senate, the Speaker may recall the Senate. You should have asked the Speaker to recall the Senate to say: Well, the government has no more appropriations and we want it to ask for permission—

[English]

Senator Everett: At whose behest? It is the leader who asks the Speaker to call back the Senate.

Senator Flynn: You probably don't know about section 14, but you read it.

[Translation]

The second point is that in the House of Commons, when they adjourned in December, Mr. Turner and Mr. Broadbent and those members who are not altogether ignorant and who seem to be more knowledgeable than a lot of senators, knew perfectly well—

[English]

Senator Frith: It is Mr. Turner's fault; it is Mr. Broadbent's fault. You cannot take the blame for anything, can you?

Senator Flynn: Senator Frith does not like me to interrupt, but he is always interrupting.

Senator Frith: I apologize. Senator Flynn is quite right, and I am sorry.

Senator Flynn: I don't mind.

[Translation]

I will get back to that. Mr. Turner and Mr. Broadbent, when Parliament was adjourned, knew perfectly well that the

Government had tabled Supplementary Estimates in the House and that it would need money during the adjournment.

[English]

Senator Grafstein: They all asked that Parliament be reconvened and the government refused.

Senator Flynn: No, no, not on that ground, sir!

Senator Grafstein: Mr. Broadbent asked that Parliament be reconvened and your Prime Minister refused.

Senator Flynn: No, no, you are wrong!

Senator Grafstein: Excuse me, I apologize. Mr. Turner, our leader, asked that Parliament be reconvened and your Prime Minister said, "No, I'm sorry, I'm busy."

Senator Flynn: You are wrong. I will not use the word that is unparliamentary, but you had better sit down in your seat or I will use it!

• (1610)

I say again that neither Turner nor Broadbent asked Parliament to be reconvened to vote supply. Yesterday that charge was made in the House. They were not there. They had someone else deal with it. Milliken and Boudria were the spokesmen for the Liberal Party.

Senator Grafstein: They are members of Parliament.

Senator Flynn: Stop yapping all the time! Would someone put him in the doghouse?

It is obvious that Senator Grafstein will not understand this. Again I say that, under the rules of the House of Commons, precisely because now the Speaker is elected, if the leaders of the opposition parties had said, "We want Parliament to be recalled because we disagree with the idea of Governor General's warrants," the Speaker would have had to call Parliament back. That is why I intervened when Senator MacEachen spoke and I said, "Inept opposition."

In any event, when the supply bill was put forward, it was passed in ten minutes, with no objections. Of course, the guardian of the Constitution, Senator Stewart, woke up, as did Senator Frith. They said, "Listen, we have found something very important now, even if our point is superfluous and not serious."

Senator Frith: You do not think it is a serious issue?

Senator Flynn: No, it is not serious.

[Translation]

I am not joking. I don't think that's funny at all.

Hon. Joseph-Philippe Guay: Where is your sense of humour?

Senator Flynn: I say this whole debate is superficial, artificial, political rhetoric and hypocrisy, and that it takes advantage of the ignorance of a number of senators and of the general public.

You can change the Act. In fact, that was suggested on another occasion. I suggested it when I spoke last week. For instance, the National Finance Committee could have suggest-

[Senator Flynn.]

ed removing subsection 30(5). If we suggest removing this sub-section, then you will have a problem.

[English]

Senator Frith: Then your government will do this again and again, because it is not serious!

Senator Flynn: Let us delete subsection (5) of section 30.

Senator Frith: That is not what we are talking about.

Senator Flynn: Would you be happy with that?

Senator Frith: The witness before the committee said that that subsection would not make any difference. Therefore, to decide to withdraw that is a big gift.

Senator Flynn: In any event, that is not what Senator Everett was saying. The Secretary of the Treasury Board said that section 3 of the bill is superfluous.

Senator Frith: That is the one, yes.

Senator Roblin: That is not subsection (5). You have got it wrong, Royce, for once!

Senator Flynn: I am suggesting, if you do not like subsection (5) of section 30 of the Financial Administration Act, then let us delete it.

Senator Frith: Would you?

Senator Flynn: Personally, I have no objection.

Senator Frith: Would you bring in a private bill to repeal section 30?

Senator Flynn: I think you should be the sponsor of that bill, since you have created such a fuss.

Senator Frith: To repeal section 30?

Senator Flynn: No, section 30 is something else. Mind you, section 30 was amended by your government to make it easier for the government to get Governor General's warrants. That would not be fair to you.

Senator Frith: It is hard to believe, but even Liberals make mistakes. That section was a mistake!

Senator Flynn: They certainly do not behave in a very responsible way in the Senate on occasions such as this!

Senator Frith: That is your opinion, and your opinion is that this is not serious. Therefore, the government will do it again and again, and there is nothing wrong with it. What makes it serious is that you do not think it is serious.

Senator Flynn: But I say to you: Delete subsection (5) of section 30.

Senator Frith: Why just subsection (5)? Why not the whole section?

Senator Lefebvre: Let's get on with the subject here!

Senator Flynn: Senator Lefebvre, you should be interested in what your friend Senator Frith has to say.

Senator Denis: You are delaying payment to officers.

[Translation]

Senator Flynn: I well know it, Senator Denis, but you leaned so much to the Government side when you were in power. You know what I mean. You took it seriously then and you absolutely wanted us to take it seriously. Then we took it seriously because we always agreed to meet the deadline you set at the time.

So what I am saying to you is that the problem here is not so much the law; if you want to change the law, I have no objection. It suits Parliament to allow the Government to obtain Governor General's warrants when Parliament is adjourned.

The procedure provided for in the other place is to vote additional, especially interim, supply motions, without discussing the Estimates in detail in the House, and to refer them to various committees for item-by-item consideration as we do here with the National Finance Committee.

So when we get the bill itself in the Senate, we can pass it without difficulty. That is what should have been done here, as was done in the other place.

Anyway, I repeat, it is artificial; it is an unnecessary, trumped-up affair.

If you think you will stir up the people with it, I wish you good luck!

[English]

Some Hon. Senators: Question!

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Argue:

That the question, together with the Message from the House of Commons on the same subject, dated May 15, 1989, be referred to the Standing Senate Committee on National Finance for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

● (1620)

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore*: Please call in the senators.

● (1630)

The Hon. the Speaker: The doors of the chamber will now be locked.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Argue	Kolber
Austin	Lang
Bonnell	LeBlanc
Buckwold	(Beauséjour)
Cools	Leblanc
Corbin	(Saurel)
Davey	Lefebvre
De Bané	Lewis
Denis	MacEachen
Everett	Marchand
Fairbairn	McElman
Frith	Molgat
Gigantès	Molson
Grafstein	Olson
Graham	Perrault
Guay	Petten
Haidasz	Robichaud
Hays	Stewart
Hébert	(Antigonish- Guysborough)
Hicks	Stollery
Kenny	Turner
Kirby	van Roggen—41.

NAYS

THE HONOURABLE SENATORS

Asselin	MacDonald
Atkins	(Halifax)
Balfour	Macquarrie
Barootes	Muir
Bazin	Murray
Beaudoin	Nurgitz
Bolduc	Ottenheimer
Chaput-Rolland	Phillips
Cochrane	Poitrass
David	Robertson
Doody	Roblin
Flynn	Simard
Macdonald	Spivak
(Cape Breton)	Walker—26.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

[English]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Leave having been given to proceed to Notices of Motions:

Hon. Fernand E. Leblanc (Saurel): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting today and tomorrow, and that Rule 76(4) be suspended in relation thereto.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.
Motion agreed to.

[Translation]

NATIONAL FINANCE

NOTICE OF COMMITTEE MEETING

Hon. Fernand E. Leblanc (Saurel): Honourable senators, I wish to immediately inform the Members of the Standing Senate Committee on National Finance that our committee will meet this afternoon at 5.30 p.m. in Room 256-S to deal with Bill C-14.

● (1650)

[English]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, am I correct in my understanding that there is to be an organizational meeting this afternoon at 5:30 to discuss the subject matter, possible witnesses and so on, and then tomorrow morning witnesses will be invited to appear before the committee sometime around noon or prior to that and, hopefully, if all goes well, we can expect to see a report back here tomorrow afternoon?

I ask that because I had intended asking the house for authority to sit this evening, but, obviously, that would no longer be necessary. Tomorrow morning was an alternative option I would have pursued, had the committee not been meeting tomorrow morning. There is obviously no point in pushing that further. I just wanted to make sure I was on the right track.

Senator Leblanc: Honourable senators, members of the committee will decide this afternoon what they want to do tomorrow and what witnesses they want to invite. That is the problem we shall discuss this afternoon. Therefore, I think we should sit at 5:30 and try to organize our meeting for tomorrow.

[The Hon. the Speaker.]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, May 16, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SEVENTH REPORT

Your Committee recommends that the Regulations for the Senators' Travel Policy, presented in the Senate on June 2, 1988 and adopted on June 7, 1988, be amended as follows:

A. That regulation No. 7 be deleted and the following substituted therefor:

7. While travelling, a Senator and an alternate may claim meals and accommodation and car rental expenses up to a maximum of three (3) days instead of two (2) days in the case of Regional trips and four (4) days instead of three (3) days in the case of National trips, up to a maximum limit of \$120.00 per day upon production of receipts.

B. That the following regulations be added after regulation No. 16:

17. Without increasing the total number of points allocated, Senators may travel to destinations outside Canada upon application and approval by the Committee on Internal Economy Budgets and Administration. The application should state the dates, the destination and the purpose of the trip. The points allocated to such travel will be related to the costs of the travel and will be determined by the Internal Economy Committee.

18. A Senator, or the spouse of a Senator, may upgrade the travel arrangements provided by the Parliamentary Associations Secretariat provided that one-half a travel point is deducted for each upgrade from one class to another."

Respectfully submitted,

ROMÉO LEBLANC

Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be taken into consideration now.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with respect, I would prefer that this be held over to another sitting. It is not that I have any right to see a report earlier than anyone else, but I have not

had an opportunity of seeing it or studying it, and it seems to deal with a significant rule change. Therefore, I would like to have some time to look at it.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

QUESTION PERIOD

SHIPBUILDING

BRITISH COLUMBIA—POLAR 8 ICEBREAKER PROJECT— GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, on May 10 last I asked a question regarding the construction of the Polar 8 icebreaker. It was hoped that by now the federal government would have finalized its long-promised \$500-million icebreaker contract by summer and it was hoped, of course, that the icebreaker would be built in British Columbia. I must say, as a short preamble to the question, that I was very heartened by the statement of the Leader of the Government in the Senate, as he seemed to have a grasp of the importance of the project. On May 10 he said:

—we look forward confidently to completing the contract definition phase of this project by the end of this year and moving into the construction phase early next year.

He went on to say:

The Polar 8 icebreaker project is consistent with the important values of this government: first, Canadian Arctic sovereignty; second, scientific support; and, third, environmental protection. Those are three very good reasons—

Which, indeed, they are.

—which accord, as I say, with the values of this government—why the Polar 8 icebreaker is a priority project with us.

Honourable senators, I have a feeling of incredible dismay when I now read a contrary statement by the former whip of the Conservative caucus here in Ottawa, Mr. Chuck Cook. He has given an interview to the *North Shore News*, a publication that covers the area where we had hoped the icebreaker was going to be built, at least in part. The interview reads as follows:

... everyone from fellow North Shore Conservative MP Chuck Cook to shipyard junior representatives were far from optimistic about the future of the icebreaker contract—and the estimated 1,000 jobs it would mean in Versatile's Victoria and North Vancouver yards.

Cook, MP for Versatile's North Vancouver riding, said Monday "I've always had serious doubts about whether it (Polar 8) would get built."

As to the Conservative government's commitment to the Polar 8, Cook said, "They were committed to the nuclear submarine program—

And we know what happened to that.

Honourable senators, would the real expert on the Polar 8 project please stand up? Is it the member of Parliament from North Vancouver who says it probably is not going to go ahead? Is he right or is the Leader of the Government in the Senate, who gave a blood-stirring statement the other day about how this government was committed to getting this project down the ways? There are 1,000 jobs at stake here and a payroll of \$120 million. Mr. Leader, we want the facts, and we don't want to be conned!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations: Honourable senators, the position of the government is as I stated it on the previous occasion.

Senator Perrault: I take it then that the Leader of the Government in the Senate is going to have a very serious conversation with Mr. Chuck Cook, the member of Parliament who purportedly is a spokesman for this project in the area.

Senator Murray: Honourable senators, Senator Perrault knows better than to come in here with tattered newspaper clippings, with indirect quotations, attributing statements to members of the other place, which they may or may not have made, and then putting his own colourful interpretation on those statements.

I repeat: The position of the government is as I stated on the previous occasion.

Senator Perrault: The fact is that this is a statement made by Mr. Cook. He has never denied it. It has been widely publicized in British Columbia. For the Leader of the Government to say that I have brought in some discredited, tatty newspaper clippings is incredible. This is a newspaper which supported the Conservatives, by and large, in the last federal campaign.

● (1700)

Senator MacEachen: Definitely tattered!

Senator Perrault: This is the headline:

Polar 8 jobs vanish in smoke-and-mirrors game

The first paragraph says:

Broken promises and higher taxes are the Mulroney government's battle plan for fighting the deficit.

Senator MacEachen: And everything else.

Senator Perrault:

Jobs for 1,000 B.C. shipbuilders—400 on the North Shore—are the latest casualty.

It is the saddest story one can possibly imagine.

Senator Argue: The cookhouse is smoking.

POLAR 8 ICEBREAKER—REQUEST FOR GOVERNMENT
COMMITMENT TO BUILD ON WEST COAST

Hon. George van Roggen: I have a supplementary question regarding the icebreaker. I grant I was not here to hear the statement of the Leader of the Government in the Senate, which has just been referred to.

Senator Phillips: Would you like it repeated?

Senator van Roggen: Well, possibly you can repeat part of it in answer to my question. With budgetary restraints and with this being a very large budgetary item, and there still being concern about saving money by redesigning the engines, I understand that some reconsideration and redesign and delay may be incurred before this project goes ahead. However, what disturbed me, recalling the terrific fight we had to get that icebreaker allotted to a west coast shipyard, after the massive contracts given to the east coast shipyards for the corvettes and other naval shipbuilding, was that the Minister of Transport indicated, in a statement I heard on television, that the matter was not only up for some redesign but that even the location of its construction—

Senator Perrault: Right!

Senator van Roggen: —was subject to review. I would ask the government for an unequivocal confirmation that, when that ship is built, perhaps after some delay for redesign, it will be built on the west coast of Canada.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, what prevents me or the government from making that statement today is the fact that there is a corporate reorganization and some ownership changes that seem to be under way involving those companies; until some of those questions are resolved, the government cannot give the kind of commitment for which the honourable senator has asked.

Senator van Roggen: I might say in answer to that that the delays of the government would, of course, cause any of the west coast shipyards, which have had no work from the government for some years, to come to a point where it might have difficulties. If you wait long enough, the company's shipyards on the west coast will indeed collapse.

Senator Perrault: Precisely!

Senator van Roggen: And then you will have the excuse that there are no shipyards out there to build anything.

Senator Murray: That is not the situation, as the honourable senator will know.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM—
MONITORING OF SITUATION
TANZANIA—GOVERNMENT WHEAT ENHANCEMENT PROGRAM

Hon. H.A. Olson: Honourable senators, in view of the hour, I should just like to give the Leader of the Government notice of a couple of urgent questions. The first is to ask him if he

[Senator Argue.]

could find out whether a committee or some other organization is being put together now to monitor the drought situation on the prairies of western Canada. I ask that because I know that there has been a limited amount of rainfall in some areas. I also know that there are very large areas that have had no rainfall at all.

As honourable senators know, the drought payments for 1988, promised in November, have not been paid to date. The reason the government gives is that they do not have a formula, or an agreement on how the formula is to be put together. I have also heard that there is some question about whether it is a federal or a federal-provincial joint payment that will be made.

Therefore, I ask the Leader of the Government if he would make inquiries to see that we do not have this unconscionable delay again in at least establishing what the facts are related to the distress caused by the drought in 1989.

The other question of which I should like to give him notice has to do with a report that the federal government, through CIDA, is involved in a \$75 million wheat enhancement program in Tanzania. Apparently, that program is continuing, despite a study warning that it is economically unsound and despite protests from rural people that it is stealing their land and destroying their lives.

● (1710)

It may sound a little extreme, but I know that some bureaucrats, whether they be in CIDA in Ottawa or in Tanzania, or wherever, have gone ahead with programs—and I know of one in southern Saskatchewan, as a matter of fact—in such a way that they paid no respect whatever to the people making their living by working the land. In other words, being left alone was vital to the ongoing enterprises that were there, farming, ranching and other pursuits, and yet that is what has happened to those people. Those people had used that land for hundreds of years for grazing purposes, and now this project is going in there and breaking up the sod and driving the people off the land.

It seems to me that that is sufficient evidence that the government, before it continues with this \$75 million project, should find out what the people directly involved think about it. If the government is destroying the livelihood of thousands of people down there, surely, in the name of common sense, it should back off.

I thought I would give you notice today, because I will raise this matter again tomorrow.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, taking the second question first, I will inquire of officials of the Canadian International Development Agency with a view to obtaining a report and bringing it to the Senate in the near future.

With regard to the first question, there was no unconscionable delay in setting the ground rules or obtaining the information for the program to which the honourable senator has referred. There has never been a program of that scope

undertaken in this country before. The federal government, the provinces and the farmers took the necessary time to collect the information that was needed so that our assistance would be effective.

I may say that the Deputy Prime Minister and Minister of Agriculture, Mr. Mazankowski, has taken occasion, within the past few days, to consult with his counterparts from western Canada on these matters in the course of a meeting of Ministers of Agriculture from across the country, but I will refer Senator Olson's question regarding further monitoring of the drought situation to Mr. Mazankowski to see if there is some further information that can be brought to the Senate.

Senator Olson: A supplementary question. I should like to advise the Leader of the Government that I know of dozens—I was going to say hundreds, but perhaps that is a little too much. I know of scores of farmers who are vigorously protesting the criteria that have been set down to designate the three categories of drought, which are mild, moderate and severe.

This is important, because there are different levels of payments that will be made for each category. In fact, there was a different level of payment made in the initial payments. By the way, some of them are winning. They were able to get through to the bureaucrats who set these levels of payments to the point where they modified them. So, if the honourable senator thinks that this is not having some effect, and if he believes that there are no farmers who are at least aggrieved and terribly distressed by the way this has been handled, I can assure him he is mistaken. The basic problem is that they do not agree on the facts; that is, how dry is dry and how many inches or centimetres of moisture fell in the various areas. There is good reason for that. However, if the Leader of the Government wants to dismiss this and say there is nothing to it, I will be happy to report that to the farmers who have gone to these meetings and, in many cases, made their points.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate. On Mother's Day, a day on which all mothers are respected and honoured, almost all of the mothers, fathers and children of P.E.I. had their heads down, marching in the rain. Almost 10 per cent of the island's total population arrived in Summerside. They are upset because the government is closing Canadian Forces Base Summerside.

I wonder if the Leader of the Government in the Senate can tell us that the government has reconsidered this matter so that these mothers can celebrate Mother's Day next year at home with their families. I ask this question on behalf of all those people who will lose their jobs and homes in the town of Summerside. The town of Summerside will become almost a ghost town, if the government does not reconsider its decision to do this terrible thing to this small town.

Has the government reconsidered its position and will it keep Canadian Forces Base Summerside open?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have nothing further to report on this matter. I attempted to reply to questions that dealt with the points raised by the honourable senator last week, I believe. There has been no change in the policy of the government with regard to this matter.

CLOSURE OF CFB SUMMERSIDE, P.E.I.—CONSEQUENCES FOR MEDICAL EMERGENCY AIR EVACUATIONS AND SEARCH-AND-RESCUE OPERATIONS

Hon. M. Lorne Bonnell: Honourable senators, if there is to be no change in the government's policy, could the Leader of the Government in the Senate tell us what is to happen to the search-and-rescue operations and medical emergency air evacuations to Halifax and Moncton? Does the leader not realize that we are on an island and have to wait two or three hours for a boat to come across, if there are no medical emergency air evacuations? Would the leader make strong recommendations to the government to make sure medical emergency air evacuations and search-and-rescue operations are maintained on this island in the Gulf?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Senator Bonnell asked the same question on May 4. That was replied to yesterday, when the Deputy Leader of the Government in the Senate presented delayed answers to oral questions. The reply is to be found on page 205 of *Hansard*.

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—REPORTED CUTBACKS IN ACOA AND ERDA BUDGETS—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I have another question for the Leader of the Government in the Senate. The only hope we had in Atlantic Canada for regional development was through ACOA. I read in the local newspapers today that its budget has been cut back by approximately 25 per cent. I also understand that many of the ERDA agreements will be cancelled. Because of this, there are going to be many problems in Atlantic Canada respecting unemployment and development.

This is the poorest part of Canada and yet it seems to be hit hardest by this Budget. Is there any way that we in the Senate, and others, can get the government to reconsider these cutbacks in ACOA and ERDA, so that Atlantic Canada will not be so drastically hurt by the Budget of this government?

Senator Phillips: You voted against it!

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is good to see that ACOA now has some friends on the other side of this chamber. They were few and far between over there when we were trying to get the legislation through—

Senator MacEachen: Oh, we supported it unanimously. You did not let us split it.

Senator Frith: We were very much in favour of it and wanted to put the minister to work.

Senator Murray: There is no question of cancelling any federal-provincial agreements whatsoever. As I said in reply to a question several weeks ago from Senator Thériault, there are agreements that expire and that are not automatically renewed. They are discussed and renegotiated between the federal government and the provincial governments in accordance with the economic development priorities of each level of government.

Senator Bonnell has a strange definition of "cutback". Regional development spending in the Atlantic provinces in 1987-88 was something in excess of \$280 million, a considerable increase over what had been spent before. In 1988-89, the fiscal year which has just ended, regional development spending in the Atlantic provinces was approximately \$420 million. In the fiscal year just begun, 1989-90, regional development spending in the Atlantic provinces will be in excess of \$500 million. Those are enormous increases, and it is quite inaccurate to talk about cutbacks.

Senator Bonnell: Honourable senators, I do not know whom to believe. I read the minister's statement in the local newspapers today, and Mr. MacKay, the minister who represents ACOA, said that the ACOA money—over \$1.4 billion—is to be spread over six to seven years, instead of five years. Consequently, that means a 25 to 30 per cent reduction in the amount of money going to the provinces through ACOA.

I do not know whether to believe what Mr. MacKay has said, who is the minister responsible, or whether to believe the Leader of the Government in the Senate, who tells me there is to be no cutback. Who is right?

Senator Murray: Honourable senators, it is correct that the \$1.05 billion would be spent over a longer period of time than the five years from 1987-88 originally intended, but it is still not correct to speak of cutbacks in regional development spending.

Senator Argue: Spell it out!

• (1720)

Senator Murray: I have just placed the approximate figures on the record, and this year regional development spending will be something in excess of \$500 million, and, as far ahead as I can see, it will certainly be well in excess of \$400 million per year. So it is not correct to speak of a cutback.

While the amount spent this year will represent an enormous increase over previous years, it is true that ACOA will have to be very careful in making new spending commitments in the next year or so; but ACOA is doing a land-office business, if that is the term, in the Atlantic provinces. The response from the private sector has been phenomenal. The cooperation with the provincial governments, as given in their testimony, has been very effective. While regional development, like all other areas of government spending, has had to

contribute something to the battle against the deficit, our commitment is still undiminished; and the investment in regional development is, as I say, very considerable in the Atlantic provinces.

Senator Doody: Hear, hear!

Senator Bonnell: I have one further question, honourable senators. I understand that any major investment will not be considered by ACOA; it might give interest buy-downs, but no grants, as is the case for small investors. To me, \$1.05 billion over seven years rather than five years is a cutback. It is certainly going to be less money. In the case of anyone who has a major investment and wants to expand to give us something worthwhile, I understand that ACOA is not going to consider those applications if they are over \$2 million.

Senator Murray: Honourable senators, that is not true. You are talking about eligible costs in excess of \$2 million. There will be less in the amount of assistance available. These applications account for a very small proportion of the total number of applications, although they take up a lot of money. Most of the applications to ACOA are for projects with eligible costs of \$2,000 and below; and ACOA will continue to offer a whole range of assistance for those applications. For those projects between \$200,000 and \$2 million, ACOA will offer interest rate buy-downs and loan insurance, which are very popular and effective instruments.

I do not think you will see a significant decrease in interest on the part of the private sector. There are other parts of the country that would very much like to have the range of programs and program assistance available under ACOA in the Atlantic provinces.

HEALTH AND WELFARE

THALIDOMIDE VICTIMS AND AIDS-AFFLICTED HEMOPHILIACS—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I should like to ask the Leader of the Government in the Senate whether he would inform this chamber of the present stance of the federal government with regard to the requests for federal compensation from two categories of very unfortunate Canadians. There are the thalidomide victims; and there are also the hemophiliacs who have contracted AIDS because of tainted blood products received during treatment.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask Mr. Beatty, the Minister of National Health and Welfare, for a report on both matters.

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES

Hon. Colin Kenny: Honourable senators, I have a question on the environment for the Leader of the Government in the Senate. Almost eight months after the Minister of the Envi-

ronment issued interim orders governing the storage of PCBs the federal government has released a list of provinces exempted from those orders. The list includes all of the provinces, with the exception of Prince Edward Island, despite the fact that New Brunswick and Newfoundland have no specific legislation or regulations dealing with the storage of PCBs and that British Columbia has storage regulations, but no enforcement provisions. Can the Leader of the Government explain why these provinces were exempted, despite their lack of regulations?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I am sorry. I am unaware of the facts as stated by the honourable senator. I will ask Mr. Lucien Bouchard for a report.

Senator Kenny: Thank you.

Perhaps you could raise another issue with the minister at the same time. Two weeks before the announcement of the interim order Senator Doody tabled the Canadian Council of Resource and Environment Ministers' National Inventory of PCB Storage Sites, which lists 2,300 federal and provincial sites containing a total of 4.1 million litres of hazardous waste. Could the Leader of the Government in the Senate determine if all of these sites have since—that is, during the last eight months—been inspected to see whether they comply with the interim orders? If not, when will an inspection take place?

Senator Murray: I shall make inquiries, honourable senator.

DELAYED ANSWER TO ORAL QUESTION

THE ENVIRONMENT

USE OF NUCLEAR REACTORS IN SPACE—GOVERNMENT ACTION AND POLICY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have the delayed answer to a question raised by Senator Grafstein on April 4 regarding the Environment—Use of Nuclear Reactors in Space—Government Action and Policy.

(The answer follows:)

Canada has played an active role in the international community in dealing with the use of nuclear power sources in space since the COSMOS 694 satellite crashed into northern Canada in 1978.

The United Nations is developing principles to guide the use of all forms of nuclear power in space, including nuclear reactors. These discussions have taken place in the UN Committee on Peaceful Uses of Outer Space and both its Scientific and Technical Sub-Committee and Legal Sub-Committee. Canada has played a leading role in these negotiations.

To date, an international consensus has been reached on principles relevant to the use of nuclear reactors in outer space proposed by Canada concerning:

- Applicability of International Law
- Notification of Re-entry

- Consultations
- Assistance to States
- Settlement of Disputes

The major focus of negotiations at present is the principle dealing with guidelines and criteria for safe use of nuclear power sources.

The Canadian government continues to attach priority to dealing with the potential problems posed by the use of reactors and other nuclear power sources in space. The negotiations in the United Nations, which involve those countries that develop and use nuclear power sources, as well as those that could be affected by any accident, are the best way to find a solution.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Graham*). (7th day of resuming debate)

Hon. B. Alasdair Graham: Honourable senators, I apologize for presuming on your time at this late hour.

Senator Phillips: That was an excellent speech; shut it off there!

Senator Graham: I want to thank all honourable senators who warmed up the chamber in the earlier debate on Bill C-14. I thought the curtain raiser and the preliminaries were quite appropriate for what I have to say.

I want to begin by congratulating all honourable senators who participated in this debate. Particular mention should be made of the mover and seconder, Senators Ottenheimer and Bolduc. As well, I want to congratulate Your Honour for your appointment as Speaker. The Speaker *pro tempore*, Senator Molgat, also deserves special mention, and we are in debt to Senator Asselin, who served in that capacity during the last Parliament.

Two eminent officers of this chamber have departed. We are grateful to former Clerk Charles Lussier and the Gentleman Usher of the Black Rod, René Jalbert, for their many kindnesses and courtesies. At the same time we congratulate and welcome the new Clerk, Gordon Barnhart, and the new Gentleman Usher of the Black Rod, Lieutenant-General René Gutknecht. We are confident that they will find their time in this place challenging, rewarding and interesting.

● (1730)

Honourable senators may not be surprised to learn that I find little comfort in the throne speech. Indeed, coming from Atlantic Canada, especially from Cape Breton, I find it dis-

turbing in its lack of clarity and commitment to the disadvantaged regions of this country.

On August 2, 1984, the then Conservative leader Brian Mulroney promised, in Halifax, that:

The Progressive Conservative Party will ensure, through effective regional development policies, that young people in Atlantic Canada are able to advance and prosper in stable and rewarding careers while remaining in their home provinces.

In September 1986 the then Transport Minister John Crosbie stated, in Moncton, that Atlantic Canada "isn't 'have not' if you compare it to Bangladesh." Unfortunately, that sad statement appears at times to be illustrative of the manner in which Atlantic Canada is perceived by the present federal government.

The list of economic setbacks is, to say the least, startling. One has only to read the headlines about cutbacks—indeed, they are cutbacks—at ACOA, and threatened closures and cutbacks at armed forces bases, fish plants, VIA Rail, CN Rail, Marine Atlantic, DEVCO—specifically, at the moment, the future of Lingan Mine—SYSCO, the CBC, Air Canada, Canadian Airlines and drastic changes to the unemployment insurance program to understand why so many people are experiencing so much anxiety and fear for their futures.

Honourable senators, let me acknowledge at the outset that, however isolated, there are individual success stories. But the litany of economic tragedies, combined with the latest unemployment rate of 24 per cent on the island of Cape Breton, engenders frustration and, in some cases, a feeling of helplessness; a feeling of malaise in the community at large seems to have developed. People wonder what bad news the next announcement will bring.

When the present government took office in 1984, the unemployment rate in Cape Breton was unacceptably high at 21 per cent. Today, more than four years later, that rate has climbed to an alarming 24.2 per cent.

Atlantic Canada is a region as distinct as any in Canada. Many of the smaller communities, though economically hard hit, have endured for hundreds of years. Our people have a history of making the most of what they have. Most of our people have stayed at home, not because they lacked the ability to recognize and capitalize on opportunities elsewhere, but because their ties to the communities that dot Atlantic Canada were strong and they always lived in hope of a better tomorrow.

But what of the Prime Minister's promise that Atlantic Canadians would no longer have to "go down the road" in search of opportunity and a better life for themselves and their families? A quick comparison of the most recent unemployment rates of April 1989 with those of late 1984 indicate that, despite several years of economic growth on a national basis, unemployment rates are painfully high and, indeed, in some cases, have been exacerbated over the past four years.

On Cape Breton Island we have piled layer upon layer of bureaucracy, and what are the results? A three-percentage-

point rise in unemployment over a four-year period hardly constitutes a "Massachusetts miracle."

Clearly, initiatives which broaden the base of new opportunities are urgently required. The continuing problems of underdevelopment and slow growth are deep rooted. But the failure of government policy, highlighted by an unemployment rate of 24.2 per cent, cannot be attributed to historical causes alone. The present trend with respect to closures, shutdowns and opportunities denied can only lead to human tragedy.

The total federal government budget was allocated on the basis of ten expenditure envelopes. The economic and regional development envelope includes the majority of expenditures that can be thought of as providing broad or general economic support. The budget for this envelope has fallen 10.1 per cent between 1984-85 and the past fiscal year, 1988-89. In absolute terms, the annual budget has been slashed from \$14.9 billion to \$13.4 billion. As a percentage of the federal budget, this envelope has fallen from 13.6 per cent to 10.3 per cent in the last four and a half years.

● (1740)

Clearly, the cuts have affected not just regional development programs but also those initiatives that are vital for combining social and economic development investment in a coordinated approach: to build upon our traditional industries; to promote skills training and fund job creation.

When addressing the Saint John Board of Trade on October 13 of last year, the Prime Minister said:

The federal government has a responsibility for regional development in the interests of national unity and as well, in the interests of fairness... we will not have two Canadas in the economic sense any more than in the constitutional sense. We will not have one Canada that is prospering at the centre, while other regions do not receive a fair share of economic opportunity.

Those were very eloquent words, spoken, I am sure, in an eloquent way. I agree with those words. Any fair-minded Canadian would agree with those words. But like so many others, when put to the test for performance delivered, they fail miserably.

Speaking last November at Perspective 2000, a conference sponsored by the Economic Council of Canada, Lars Osberg, an economics professor at Dalhousie University, said:

Over the 1980s, access to employment has become more unequally distributed in Canada. The incidence of long duration unemployment has increased and has spread west from Atlantic Canada to become a feature of the labour markets of northern Ontario/Quebec, the Prairies and British Columbia.

Professor Osberg says flatly that, "Since recovery has been centred in southern Ontario, regional disparities in unemployment have increased considerably."

The conclusion that these program and expenditure cuts have contributed to a concentration of economic activity, jobs and investment in central Canada is inescapable.

Let me make some comparisons. The most startling increases in relative unemployment are seen in Newfoundland and Labrador, where unemployment was 81 per cent higher than the national average in 1984, but soared to a level 110 per cent higher at the end of 1988; Prince Edward Island, where unemployment increased from 13 per cent to 67 per cent more than the national average between 1984 and 1988; and Nova Scotia, where unemployment increased from 16 per cent to 31 per cent more than the national average between 1984 and 1988.

Professor Osberg has termed the phenomenon of depressed local labour markets and increasing reliance on unemployment insurance the "Atlantic Syndrome", and he believes that this reality has become a general characteristic of much of Canada's resource regions.

Almost two years ago the establishment of the Atlantic Canada Opportunities Agency was trumpeted as a shining example of the government's commitment to regional development in Atlantic Canada. Speaking in Saint John during the last election campaign, Prime Minister Mulroney said:

I worked hard at making ACOA happen because I truly believed it could have far-reaching effects across this region. The results are already interesting.

I would certainly agree with that last statement!

On February 15, 1988, ACOA introduced its new Action Program to replace both the Industrial and Regional Development Program, commonly known as, IRDP, which lapsed at the end of June last, and the Atlantic Enterprise Program, which has been in existence since 1985.

When the Prime Minister announced the establishment of ACOA in St. John's in June of 1987, he talked of "a new mission and opportunity." Some skeptics might say it was really a political mission of political opportunism, and there is some clear evidence to support the skeptics.

Here is what reporter Rick Grant had to say on this subject on the ATV evening news out of Halifax on March 3 of this year:

It comes as no surprise that governments use taxpayers' money to sway voters at election time. What may be a shocker is how much is used. This week ATV sifted through mounds of documents to look at one agency created to help Atlantic business, ACOA.

We have learned that one-fifth of ACOA's five-year \$1 billion budget was spent or committed in 81 days last fall.

During the election and in the month before it was called, ACOA was spending \$100,000 an hour around the clock for 81 days. If the spending spree of \$200 million every 81 days had continued, ACOA would have been broke in less than 14 days.

In the last three days of the election that ACOA made commitments in New Brunswick, it promised \$24 million or \$335,000 an hour non-stop for 72 hours and made an announcement every 23 minutes.

During that period in former ACOA Minister Gerald Merrithew's Saint John, New Brunswick riding, the Irving pulp mill received \$4.5 million to make toilet paper.

Fredericton Tories helped swamp Liberal Brad Woodside with a two and one-half month cascade of cash totalling \$33 million. With an \$80 million windfall over the 81 days, New Brunswick fared best, Newfoundland was next, followed by Nova Scotia and Prince Edward Island. The \$8 million spent in Dartmouth didn't save Conservative Mike Forrestall from defeat, and the \$1.3 million spent in Halifax wasn't enough for former Cabinet Minister Stuart McInnes to fend off Liberal Mary Clancy.

I am still reading from Mr. Grant's statement that evening.

According to Mr. Grant:

In the first five weeks of this year ACOA contributions to New Brunswick and Newfoundland total \$550,000, that's \$100,000 a week compared to \$100,000 an hour during the election.

September spending, 30 days prior to the election call amounted to \$78 million. Spending during the election, as I mentioned, was \$123 million, for a total of \$201 million.

I am not suggesting, honourable senators, for one minute that the regional development programs of the government ought to shut down completely during an election campaign, but I am reminded of the story about the old gentleman who said that it's one thing to scratch your back a little, but it's quite another to tear it all asunder. In this respect, the pyramid of promises and the monumental manipulation of taxpayers' money was unprecedented and beyond comparison.

I return to the Prime Minister's words of October 13, 1988. He said:

The federal government has a responsibility for regional development in the interests of national unity and as well in the interests of fairness.

In the context of what has transpired since this government's re-election, it might be timely to ask the Prime Minister to revisit his lofty eloquence.

The restoration and enhancement of VIA Rail services in the maritimes was a major promise of the Conservative Party in 1984. "Use it or lose it", the Prime Minister, the Deputy Prime Minister and others admonished Canadians. And use it they have. Ridership in the maritimes was up 9 per cent in 1988 over 1987. Revenues in the region were up 12 per cent in the same period. This upward trend continued in the first two months of 1989. In January and February of this year revenue was up 21 per cent and 17.5 per cent respectively, in comparison with the same two months of 1988.

Those who have travelled to Atlantic Canada recognize the unlimited potential of the tourism industry throughout the region. Whether one travels the coastlines, strolls the beaches, sails the lakes, fishes the streams, or climbs the green hills throughout Atlantic Canada, attractions and warm-hearted

hospitality await the tourist at every turn. Even members of the government would accept that statement.

VIA Rail has become increasingly crucial to the future growth of the tourism industry in the maritimes. In this respect, tour sales in the region were up 38 per cent in 1988 over 1987. The high-growth sector within the tourism sector is that of specialized package tours. However, the industry's growth potential is hindered by several factors, including transportation difficulties. We cannot, on the one hand, encourage the development of tourist facilities and attractions while cutting out the transportation infrastructure which carries visitors throughout the region. VIA Rail is an essential service in maritime Canada. One can only conclude that the current attacks on VIA are part of an overall attack on rail service in Atlantic Canada.

We have seen how the government has treated these concerns. The Budget calls for a \$100 million cut in VIA's combined operating and capital subsidies in the current year. An additional \$400 million will be cut over the next four years. How, one may ask, is VIA going to deal with these cuts? Simply put: by route abandonment, service reductions and fare increases.

The budget papers even hold out the possibility of closure of the rail system and the sale of substantial parts of the system. If parts of the system are sold, what happens to those sections of the system that are unattractive to the private sector? The government has already announced that nine lines in remote areas must be maintained; not one of these is in Atlantic Canada. So what lines will be cut? The Halifax to Yarmouth rail liner; or one of the trans-continentals, the Ocean or the Atlantic? What does the future hold for the main rail line between Truro and Sydney? Route abandonment would have serious consequences for the maritimes. Fifty million dollars is injected through this source into the economy in the Atlantic region each year, with \$30 million of this spent in Nova Scotia. Approximately 700 people throughout the region now depend on VIA for employment, with about 370 jobs in Nova Scotia.

The Newfoundland railroad is gone, in return for \$830 million in compensation for highway construction and maintenance in that province. I am not arguing that the railway is preferable to an improved highway system. What I am saying is that road upgrading is needed now, not in 10 or 15 years. Concern about this funding is more immediate than ever. Several weeks ago the Minister of Finance stated that, because of the deficit, the government may not honour all its pre-election spending commitments, which includes the \$830 million in compensation for the loss of the Newfoundland railway. As well, the demise of the Newfoundland railway has grave implications for Cape Breton.

Canadian National has reported, in this regard, that about half of the current rail traffic to Sydney was destined for Newfoundland. A recent report prepared by the University of New Brunswick transportation group for Transport Canada speculates that in the future Canadian National's primary

railhead for container traffic bound for Newfoundland could be Halifax, not Sydney. This report states:

If this traffic is redirected to the Halifax railhead and then by ship to St. John's it will mean a considerable loss of traffic on the branch line from Truro to Sydney. In turn, this loss may result in an application for abandonment of all or part of the rail line from Truro to Sydney. The potential loss in rail service to Sydney has obvious implications for DEVCO and other rail users such as the Trenton Car Works.

Honourable senators, the prospects for the smaller centres of Atlantic Canada are particularly grim, if transportation links are not maintained. The rationalization of transportation services has already begun in terms of interregional jet service and the quality of air service to smaller communities. Other senators have already spoken on that particular issue. Given the fragile economy of Atlantic Canada, the linkage between transportation and regional economic development must be a critical point of concern for all levels of government.

• (1750)

The rationalization of transportation has spread from the private sector to those traditional areas of federal responsibility. I am referring specifically to the elimination in the Budget of the AT and East Grain and Flour Subsidy Program—a program which allows Canada's east coast ports to compete with their American counterparts in the export of grain and flour. I am concerned that this measure may be the harbinger of decisions to come. As the budget paper states on page 15, "The subsidy has the effect of diverting traffic away from the Seaway in favour of subsidized rail movements, and is inconsistent with the government's market-oriented transportation policy." I should acknowledge here that transportation subsidies under the Atlantic Region Freight Assistance Act and the Maritimes Freight Rates Act, worth \$95.8 million this year, were not touched in the Budget. However, by the present government's criteria and the trends, these programs clearly clash with a market-oriented transportation policy. In view of this perspective and being cognizant of upcoming trade subsidy negotiations, I am fearful as to the continuance of these programs.

In a recent submission to the National Transportation Agency the Atlantic Provinces Transportation Commission recommended:

Where rail line abandonments in a given province cause or have caused a shift of a significant volume of traffic to public highways, the federal government should assume responsibility for increased funding for construction and ongoing maintenance of highways in such provinces.

A positive response to this recommendation is required throughout the region. Anyone who has travelled the region will recognize the urgency of the situation, particularly in the province of New Brunswick. In fact, the Prime Minister acknowledged a few years ago that "anyone with a brain" recognized the urgency of the situation in that province. The transport minister conceded in March of this year that New

Brunswick has "the worst roads in the country." I apologize to my honourable friends from New Brunswick, but that is a statement made by the Minister of Transport. The Minister of Transport went on to add, "If I give \$1.6 billion to New Brunswick, what will I have to give Ontario?" That, to me, is a very strange way to talk about regional development. It again casts in doubt the government's overall sincerity in its approach to regional development.

Honourable senators, one of the major concerns of those who fought the implementation of the Free Trade Agreement was the potential impact on federal latitude in pursuit of regional economic initiatives and development policy. Serious reservations were also voiced about the lack of definition of "subsidy" in the trade deal and the inherent danger of allowing the Americans to dictate such policy. These fears were realized in the middle of the election campaign, when Bethlehem Steel launched a trade action against the Sydney Steel Corporation. As you know, SYSCO has benefited immensely from the efforts of both the federal and provincial governments, regardless of political persuasion. The U.S. Commerce Department slapped a 103.5 per cent tentative duty on SYSCO steel rail exports to the United States. I would remind honourable senators of what the Prime Minister said in Cambridge, Ontario, on October 25 of last year. He said:

I have said before, and I say again, nothing in the Free Trade Agreement, I repeat, nothing . . . compromises our capacity to promote regional development.

In the other place, on December 14, 1988, the Prime Minister reiterated with respect to regional development, "It has been totally protected . . . as an instrument of economic growth in Canada."

The Prime Minister's assurances notwithstanding, a thorough reading of the agreement reveals that the only regional development incentives specifically exempted are those relating to energy resources and defence procurement.

Honourable senators, that was then; this is now. Indeed, the SYSCO case may represent just the first of many such actions. It would appear, in fact, that the government is already altering the criteria for regional development assistance. Last fall Mr. Bruce Rawson, the senior federal regional development official in western Canada, stated that major projects were already being screened as to any—and these are his words—"adverse trade consequences." Some would ask: Is the government beginning to capitulate before the five to seven year negotiating period is even under way?

In reviewing the 1989-90 Estimates for ACOA one comes across a curious line—curious in view of the government's assurances about regional development policy in a free trade environment. The Estimates state that the mandate of ACOA will include "advocacy efforts" related to the "negotiation of the subsidy regime under the free trade arrangement." Now the ACOA minister, the Honourable Elmer MacKay, disavows any link between regional development policy and free trade. However, a member of the minister's staff said in a *Chronicle Herald* story of May 2, 1989, that ACOA may be

asked to justify some programs, including assistance to fish plants and the Atlantic Region Freight Assistance Program. I suspect that ACOA may be forced to justify almost everything it does. It may be that free trade is the reason why ERDA subagreements have not been renewed in the four Atlantic provinces and across Canada; and it may be that the Free Trade Agreement is the reason why the subagreements budget administered by ACOA has been cut from \$83.8 million last year to \$35.2 million this year.

We all remember the famous temper tantrums of Canada's chief negotiator, Simon Reisman. For months he denied, repeatedly and heatedly, that regional subsidies were on the negotiating table. Finally, on the weekend of November 12 in British Columbia, he caved in. As quoted in the *Financial Post* of November 16, 1988, Mr. Reisman said:

● (1800)

On regional development I will say to you quite candidly that we failed to reach an agreement with the Americans on a definition of subsidies. It's a complex and difficult issue, and quite frankly, we ran out of time.

What an admission!

In no case are the detrimental impacts of the convergence of the government's free market-free trade mentality with an indiscriminate deficit reduction policy any clearer than with respect to renewal of recently expired ERDAs—Economic and Regional Development Agreements—with the provinces. In the Speech from the Throne on April 3 last the regional development priorities were summarized as follows:

Decentralized decision making, through the regional agencies in western Canada, northern Ontario and Atlantic Canada, has been instrumental in stimulating both entrepreneurial endeavour and business investment. Funding for regional development in Quebec and for these agencies will be continued, and government procurement policies will become increasingly responsive to regional considerations.

On March 31, 1989, ERDAs in eight provinces—British Columbia and Quebec excluded—worth a total of \$1.572 billion, of which the federal share was \$937.66 million, expired. Yet the Speech from the Throne contained not one reference to them. This lack of reference is perhaps not all that surprising, as the government would have been forced to state again that negotiations were frozen until after the Budget had been delivered. In addition, the Minister of Industry, Science and Technology, the Honourable Harvie Andre, refused to state categorically that the current cost-sharing agreement would not be altered to the detriment of the provinces.

The expired ERDA subagreements represent a critical aspect of federal assistance for regional development in Atlantic Canada and provide much-needed funding throughout the region. In total, the federal-provincial spending under these expired subagreements is worth \$106.7 million in Newfoundland, \$117.9 million in Prince Edward Island, \$303.2 million in New Brunswick, and \$193.5 million in Nova Scotia. The specific subagreements affected in Nova Scotia are planning,

tourism, fisheries, mineral development, and the Strait of Canso Development Agreement.

How important are these agreements to Atlantic Canada? Premier Frank McKenna expressed the fear that, should the ERDAs not be renewed, "The consequences would be extremely grave in our province and all other Canadian provinces." Premier Buchanan of Nova Scotia said, "The economies of the Maritime provinces are very, very dependent on those agreements." Indeed, the level of concern is so great that Premier McKenna stated that New Brunswick, one of the poorest provinces in this country, would pay the federal share for the first year of any renewed agreements.

Honourable senators, the concerns of the Atlantic premiers were well-founded.

Senator Phillips: Six o'clock!

The Hon. the Speaker pro tempore: Honourable senators, it is now six o'clock.

Senator Doody: Perhaps senators would agree that we not see the clock and the honourable gentleman can conclude his remarks.

Senator Phillips: Do we have some agreement on finishing?

The Hon. the Speaker pro tempore: Is it agreed, honourable senators, that I shall not see the clock?

Hon. Senators: Agreed.

Senator Doody: Senator Graham is making gestures and I am not sure if it is a message of disdain or not.

Senator Graham: I thank honourable senators for not seeing the clock.

Senator Frith: One way or another, it is digital.

Senator Graham: As mentioned earlier today in this chamber, last night the minister responsible for ACOA announced before the House of Commons Standing Committee on Industry, Science and Technology, Regional Development and Northern Affairs that ACOA and ERDA funding was to be "modified." ACOA's \$1.05 billion in new funding will now be spent over a six- to seven-year period, rather than the five-year commitment that the government has made over the past few years. Rather than \$200 million a year, the new plan will see expenditures of about \$150 million a year.

The minister responsible for ACOA also admitted that the government will reduce the amount of funding for ERDAs, or, as the government now terms them, cooperation agreements spending under ACOA, by \$80 million a year. The Prime Minister's promise of "new money" is in tatters. IRDP is gone; ACOA's \$1.05 billion will not be spent over five years; and now the ERDAs are being gutted.

The government's vision of a fairer Canada in the Speech from the Throne did not include leadership and resolve to

address the chaos in the fishing industry. Using the 1984 budget as a benchmark, the government has cumulatively cut more than \$350 million from the Department of Fisheries and Oceans in the past four years. The government has failed to address the severe problems faced by small-boat fishermen or to balance the needs of the fishermen with the demands of the larger companies with respect to quota allocations. As a result, we have announcements of closures and shutdowns, which will have serious direct adverse consequences for several small communities in Nova Scotia as well as for other areas of the Atlantic provinces.

The latest blow to the Atlantic fishery comes with the news that east coast cod catches must be cut drastically. Canadian press reported today that a secret federal report has concluded that catch reductions are likely to be so severe that thousands of jobs will be affected in fish plants and on trawlers in Nova Scotia and Newfoundland.

Honourable senators, national growth under this government has been extremely unbalanced. Government policies have raised the spectre of two Canadas—a prosperous centre and marginalized regions.

We seem to have lost control over the many forces that shape our destiny. No matter what traditions or values we hold dear, they, too often, are sacrificed in the interest of our gross national product, or whatever yardstick is used to measure our relative prosperity.

We are not faced so much with the problem of production as with the problem of fair distribution. We seem to be able to create wealth in certain sections and sectors of our country, but we continue to have with us the problem of the very large minority of the poor.

I think again of Canadian citizens, no matter where they live in our country, who are lonely and afraid, who have no voice, who fear for their future and who do not know whom to believe any more. These people understand better than anyone else that dignity comes from having adequate human existence.

Honourable senators, there is nothing we could do today that would be of greater service and encouragement to those Canadians who face the future with uncertainty than to restore some measure of hope. At this point in time it will require a willingness and an unwavering commitment to share, and to share on a scale that is massive and unprecedented.

I thank honourable senators for their patience and their kind attention.

Some Hon. Senators: Hear, hear!

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

WEDNESDAY, MAY 17, 1989

NATIONAL FINANCE

356-S10:00 a.m.

Consideration of the motion of the Honourable Senator Doody, dated 16th May, 1989, and the Message from the House of Commons dated 15th May, 1989 relating to an amendment to Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

THURSDAY, MAY 18, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 16

OFFICIAL REPORT
(HANSARD)

Wednesday, May 17, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, May 17, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

QUESTION PERIOD

DELAYED ANSWER TO ORAL QUESTION

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—
EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer to a question raised in the Senate on May 4 last by the Honourable Charles Turner regarding VIA Rail—Reduction in Budget—Prospective Employee Cuts—Employee Seniority and Pension Rights.

(The answer follows:)

As announced on May 3, VIA has been asked to prepare and submit by June 30, 1989, a new business plan that respects its new budget. This new budget which decreases gradually from \$541 million in 1989/90 to \$250 million in 1993/94 reflects the government's commitment to expenditure reduction and restraint.

Options which the government expects the Corporation to consider in developing its plan include productivity improvements, fare increases, the take-over of services by other interested parties, service reductions, and route abandonments. The one restriction that has been placed on such options is that rail passenger services to truly isolated communities along remote routes will be maintained.

The employment impact of any of the options VIA assesses cannot be determined until the Corporation has submitted its business plan. It would therefore be premature, and indeed irresponsible, to comment at this time.

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaudoin, seconded by the Honourable Senator Asselin, P.C., for the second reading of the Bill C-7, An Act to amend the Criminal code (pari-mutuel betting).—
(Honourable Senator Stanbury).

Hon. Richard J. Stanbury: Honourable senators, we are now going to deal with the highest priority of the Conservative government in the agricultural sector—pari-mutuel betting.

Senator Perrault: That is their number one priority.

Senator Murray: Spoken like a loser at the track.

Senator Stanbury: You will be pleased to know that the second priority, the next item to reach us on the government's agricultural legislative agenda, is related to seed breeders' rights.

Most farmers would be appalled to be told that those are the top agricultural priorities at this time in this country, especially those of a government that is simultaneously bringing down a budget that cuts the very heart out of our traditional farm-support systems. However, Bill C-7 is the government bill we now have before us.

Senator Beaudoin has given us a very clear and detailed explanation of Bill C-7, an act to amend the Criminal Code to permit the operation of teletheatres by race track owners. He has performed very well the task of setting out the background of the legislation and the rationale which has been given by important elements of the racing industry for its passage.

As the honourable senator has stated, racing is a very important industry in Canada. It employs a great many people, and it is properly claimed that this legislation will assist the industry to expand its economic base and thus allow it to employ a great many more Canadians.

All parties in the other place voted in favour of the legislation. A cursory examination of the debate in that House would provide very little reason for honourable senators to interfere with the expeditious passage of this bill through the legislative process.

However, a closer examination of that debate reveals that almost every speaker on the subject of the legislation had a particular local interest to support. The committee hearings were brief, on short notice, and with few witnesses. It may well be said that this is exactly the kind of legislation which requires the attention of the Senate to ensure that it serves the best interests of the Canadian people as a whole and is so drafted as to protect the smaller and less powerful elements in a large and complex industry.

I am not a bettor, and it is hard for me to accept the suggestion that any legislation which extends the opportunities for betting is in the general interest of Canadian society. However, I appreciate that that is a tenet of my personal philosophy and that I am not likely to find a majority of either house of the Canadian Parliament to support that point of view.

In any event, betting on horse races is such an ancient recreational activity and so steeped in tradition that it would take someone of greater courage than me to propose that we interrupt that history and break that tradition. It is somewhat ironic that this ancient form of betting needs the help that we are asked to give it so that it can beat off the attack of lotteries, which one might well describe as the children that horse track betting has spawned. The evidence of the suffering of the horse tracks is somewhat weak, in view of an Agriculture Canada press release which reported, under the heading "Pari-mutuel betting up in 1988", as follows:

Betting at Canadian racetracks in 1988 increased for the third consecutive year. According to figures released today by Agriculture Minister Don Mazankowski, a record \$1.82 billion was bet at 107 tracks across the country, an increase of 6.2 per cent over 1987.

That is the third consecutive year of increases.

Well, indeed, horse racing is now a major industry and employs a lot of people. Senator Beaudoin tells us that it is in danger because of the onslaught of the lotteries, and therefore it is necessary to ask the legislature to allow it to take advantage of modern technology, to reach more people and to extend its impact on society.

Whether that is in the public interest is another question. The United Church and others have indicated that they do not believe that it is. They will have an opportunity to express their concerns to the committee if and when this bill goes to committee.

Whether the interests of all elements of this industry have been addressed is a further question. The Ontario Harness Horsemen's Association worries about the protection of its members in such a massive reorganization and expansion of the industry. It wants its members' protection inscribed in the legislation itself, rather than just in the regulations. Horsemen have the largest financial investment in racing, whereas the owners of the race tracks will be the largest beneficiaries from this extended off-track betting. The race track owners will receive not only their commissions from the bets but also major revenues from the sale of food, alcoholic beverages, programs, admissions and other concessions at the theatres—and those receipts will not be divided with the horsemen.

While the competition of lotteries has been mentioned, no one has mentioned the fact that already some race tracks in Canada are themselves selling lottery tickets and operating casinos on race nights, thus reducing the leisure dollars available for betting on races and lessening the purse revenue which benefits the horsemen.

There is serious question as to whether regional fairs and exhibitions have been protected in respect of their racing programs. The protection in this bill is limited to a 30-kilometre, or 18-mile, radius around the fair. Of what use is that to a regional fair or exhibition which draws its patrons from 100 miles or more?

There are some small race track owners who fear that their business will disappear, unless the implementation and the

administration of this bill is extremely sensitive. Their only salvation will be if they are able to make arrangements with other tracks and raise their share of the over \$2 million necessary to create a joint operation for each theatre.

The provinces are concerned about the invasion of their jurisdiction by the federal government and about the fact that this bill extends the monopoly in the hands of the present race track associations through exclusive ownership of teletheatres. The number of race tracks is already strictly controlled by the federal government, so that competition is already substantially limited. Whatever happened to this government's faith in free and open market forces?

It may well be that our committee will find that none of these concerns is justified and that all of them have been taken into consideration. However, there is certainly work for the committee to do before honourable senators give their approval to Bill C-7. Witnesses have already complained that they were given no time to make representations to the committee in the other place.

Honourable senators, I hope that this bill will be referred to the Standing Senate Committee on Agriculture or the Standing Senate Committee on Legal and Constitutional Affairs for study and to hear witnesses.

Hon. Daniel A. Lang: Honourable senators, I must rise at this time. I had no intention whatsoever of speaking on this bill. Imagine my shock at finding my good friend of many years, Senator Stanbury, endorsing it; a man whose probity, integrity and character have been and still are far beyond reproach. However, here he is putting before us a proposition that is very much like saying that prostitution needs protection because of the expanding fear of AIDS.

Can honourable senators tell me why on God's earth we are today expanding the opportunity for off-track betting, which, in my opinion, in terms of social degeneration, is as bad as or worse than the use of narcotics?

Honourable senators, I do not intend to elaborate on this matter. I know I am trespassing on an area of public mores, a subject on which everyone has a different opinion. However, what prompted me to rise today was the sight of an old friend of mine, whose whole instincts must be completely against such a concept, getting up this afternoon and agreeing to accept and endorse this legislation.

Hon. Henry D. Hicks: Honourable senators, I wish to agree entirely with Senator Lang. I am opposed to any extension of this kind of betting, to lotteries and so on. I think it is particularly immoral when governments get into the business of trying to raise revenue from lotteries, betting and so on. I have spoken previously on this subject in the Senate and I extend my remarks to this legislation. Also, honourable senators, when we come to vote on this bill, I shall vote against it.

Hon. Colin Kenny: Honourable senators, I rise to ask a question. Just before this bill came before us, I received tickets or what would appear to be season's passes to several tracks in Ontario.

Some Hon. Senators: Shame, shame!

Senator Kenny: Yes. These tracks include Greenwood, Woodbine and Mohawk. I should have brought them in today. However, the connection seemed too close, and I am really rising to find out whether other senators have received tickets such as these and if it is a customary practice—

Some Hon. Senators: No, no!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I really do not know if anyone else has received complimentary tickets. I, for one, certainly have not. However, it is a question that might appropriately be asked of the distributors of the tickets, if and when we get this bill into committee.

• (1410)

Senator Kenny: Thank you. Perhaps that is a reasonable way to deal with the matter. I thought I would bring it to the attention of my colleagues.

Hon. Sidney L. Buckwold: Honourable senators, I have a minor contribution to make to the discussion on this bill. In 1979, or thereabouts, I had the distinct and great honour of being the chairman of a subcommittee of the Legal and Constitutional Affairs Committee. My colleague, Senator Robichaud, was an ardent member of that subcommittee, which dealt with off-track betting. The committee held about five or six meetings, all of which were fascinating and interesting. However, an election was called and something happened and the committee, like some bets on race horses at tracks, seemed to disappear. I must say that it was a fascinating experience learning about off-track betting and, as a result, I feel that the sport of kings deserves the full support of the Senate and the House of Commons. There are those who make their living out of racing horses and raising horses and those who enjoy the sport of betting on horses, and I think we have to accept that in this day and age. I therefore differ from my good friends Senator Lang and Senator Hicks and indicate that, as a result of that exposure—and I am sure that Senator Robichaud will agree with me—I support, at least in principle, this legislation.

On motion of Senator Corbin, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Seventh Report of the Standing Committee on Internal Economy, Budgets and Administration (Regulations for Senators' Travel Policy), presented in the Senate on May 16, 1989.

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

BUSINESS OF THE SENATE

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, in view of the fact that the

[Senator Kenny.]

Standing Senate Committee on National Finance is currently sitting to consider a report on Bill C-14, the Appropriation Bill, may I suggest that, pending their return, we adjourn to the call of the Chair, and then we can consider whatever it is they have to report.

The Hon. the Speaker pro tempore: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

[Translation]

The sitting of the Senate was resumed at 5:50 p.m.

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF COMMITTEE PRESENTED, PRINTED AS APPENDIX AND ADOPTED

Authorization having been granted to return to committee reports.

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on National Finance, concerning Senator Doody's motion of May 16, 1989 and the message from the House of Commons of May 15, 1989 on an amendment to Bill C-14, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990.

I ask that this report be printed as an appendix to today's *Debates of the Senate* and that it be part of the permanent record of this House.

The Hon. the Speaker pro tempore: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see p. 248.)

The Hon. the Speaker pro tempore: Honourable senators, when shall we consider this report?

Senator Leblanc: Honourable senators, with leave of the Senate and notwithstanding Rule 45(1)(f), I move that the report be adopted now.

The Hon. the Speaker pro tempore: Honourable senators, is it your pleasure to adopt the motion?

• (1800)

[English]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the hour is late and I shall try to be as brief and concise as possible. I understand that in the other place the government is seeking agreement to sit this evening so that the

report of the Senate may be taken into consideration. I also understand that, against the possibility that their legislative tasks will have been completed, Royal Assent will be held in this chamber a bit later this evening.

With regard to the report that has just been tabled by our friend Senator Leblanc, first, my attention has been drawn to the paragraph on page 5 in which the committee states—or, to be more precise, a majority of the committee, because I can assure you that the Progressive Conservative members of that committee disassociate themselves from much of this narrative, and certainly from this paragraph, which states:

The Committee noted with concern the interference in the parliamentary process by the Secretary of the Treasury Board through the issuance of a memorandum, contrary to past practice, ordering the cessation of all payments on behalf of veterans and others as of Tuesday, May 16, 1989, with the evident intention of applying pressure on the Senate.

Honourable senators, on behalf of the government, I reject absolutely the allegations in that paragraph. We do not for one moment accept the implied reproach to the Secretary of the Treasury Board.

Yesterday I read into the record the memorandum that Mr. Veilleux, the Secretary of the Treasury Board, had sent, as was his responsibility, to deputy heads and heads of agencies concerning the situation in which the government found itself as of one minute past midnight Tuesday morning.

There is an inaccuracy in this document. There is no reference to veterans in the memorandum that Mr. Veilleux sent to deputy heads.

The Secretary of the Treasury Board is well known to many senators. He appeared on many occasions before parliamentary committees when he was an officer in the Department of Finance and elsewhere. He is a highly experienced and highly respected public servant and is a careful and prudent public servant as well. What he did on Tuesday at six o'clock he did en pleine connaissance de cause. Mr. Veilleux knows the law, acted on the solid advice of our advisers, and acted in a way that was completely responsible. Indeed, I would suggest that for him to have done otherwise would have been quite irresponsible.

Consider the bizarre situation which honourable senators are suggesting exists. For some weeks now my honourable friends opposite have been raising hell about the use of Governor General's warrants. Once the Governor General's warrants had expired, they said to us, "Why don't you go ahead and use them anyway? You have a right to use them. Pay no attention to the May 15 date that is attached to the warrant signed by Her Excellency. It is meaningless. It does not mean anything." They are saying, "Pay no attention to the legal advice telling you that you have no right to do this."

Honourable senators, if Mr. Veilleux—or, indeed, the government—were to do what the honourable senators are implying we could do, we would then be acting illegally and unconstitutionally.

Some Hon. Senators: Hear, hear!

Senator Murray: We would then deserve the opprobrium that has been heaped undeservedly on our heads these last few days.

Honourable senators, I have glanced through the report. As a member of the committee, I saw it earlier today in draft form. Not many changes have been made since I first saw it. The narrative here is very much a—

The Hon. the Speaker pro tempore: Honourable senators, I regret that I must draw to your attention that it is now six o'clock. Under the rules, if it is the wish of the Senate I can ignore the clock.

Hon. Senators: Agreed.

The Hon. the Speaker pro tempore: Then it is agreed.

Senator Murray: I thank honourable senators for that.

The narrative in this report is, to a great extent, a repetition of the speeches which we heard from Senator Stewart and others in the committee when the Estimates were before the committee, in the chamber on three previous occasions and in the committee on three further occasions when the supply bill was being considered.

Honourable senators, a great deal has been made of the testimony of various ministers and officials when amendments were being proposed to the Financial Administration Act with regard to Governor General's warrants in the past. Senators today, in the committee, were asking Mr. de Cotret to try to square what the government did this year with what Deputy Minister Kenneth Clark said in 1951.

Senator MacEachen: It is not Kenneth; it is W.C. Clark.

Senator Murray: I beg my honourable friend's pardon. It is what Deputy Minister W.C. Clark said in 1951 or what Minister Donald Fleming said in 1958.

● (1810)

Honourable senators, it would be more relevant to square the actions of the government this year not with what Mr. Clark said or with what Mr. Fleming said but with what the act says and with what the practice has been under that act, lo, these many years. In the past century and more, every time Parliament has touched the legislation with regard to Governor General's warrants it has done so with the effect and with the intent of providing more flexibility to the executive in the use of Governor General's warrants. That is obvious from the narrative even in the report and from much of what Senator Stewart has said on previous occasions.

The scope or the power of the special warrants has been broadened—from covering emergency repairs to public buildings, as it was pre-confederation, to covering other unforeseen contingencies—in 1867 and then in the amendment of 1951, when, among other things, the deeming clause was added to cover periods of parliamentary adjournment, and again in 1958, when they dropped the references to accidental damage to public works and also dropped the need to show that the urgent expenditure had been unforeseen.

Mr. Clark, the late Deputy Minister of Finance, in his testimony in 1951, used the expression "unforeseen". Mr. Donald Fleming, in his testimony in 1958, used the term "unforeseen". The committee, whose report has just been tabled, in three or four places at least, comes back to that word "unforeseen". But, honourable senators, the word was taken out of the act in 1958. At that time Parliament took the word out of the act, and it must have done so for a reason, and the reason must have been to give the executive more flexibility in the use of Governor General's warrants.

So we are left with this term "urgent". It is the view of the government—and my friends have been told this by the minister, Mr. de Cotret, and by his officials—that the test of "urgency" is that the bill is due and has to be paid in the public good. I suggest to honourable senators that Parliament has for over 90 years tacitly accepted this interpretation of the operative words of the special warrants legislation. Parliament has never changed the legislation, except, as I have indicated, to broaden and relax the power conferred upon the executive.

Also, Parliament has not challenged routine expenditures made under special warrants. The report that has just been tabled says on page 5:

Fourth, although special warrants have been used to make payments to meet unforeseen—

There is that word again.

—emergency requirements of the kind mentioned as an example by Mr. Fleming when Parliament is not in session and although special warrants have been used to make payments to meet the ordinary current expenses of the government when there is no Parliament by reason of dissolution, the government could not cite a single precedent supporting its view that special warrants may be used to make payments to meet ordinary current expenses of the government when Parliament is not in session.

Honourable senators, we acknowledge that there is no precedent for using warrants during parliamentary adjournments, but the power to use special warrants during parliamentary adjournments was granted in 1951. Also, the act makes no distinction in the scope of Governor General's warrants as between times of dissolution, prorogation or adjournment. During these times of prorogation and dissolution Governor General's warrants have been used time and again to meet current expenses of the government.

Honourable senators, the report recommends that we send a message to the House of Commons, asking the House to join us in affirming that:

Subject to the *Constitution Acts*, 1967—

Honourable senators, it should be 1867. There is a typographical error in the English version. La version française est correcte.

Senator Leblanc: Honourable senators, there is a typographical error in the English version, where it says "1967". However, in the French version it is 1867, which is correct. The error was due to the rush.

[Senator Murray.]

Senator Murray: In any event, the report would have us invite the House of Commons to join us in affirming that:

Subject to the *Constitution Acts*, 1867 to 1982, and except to meet unforeseen, urgent requirements touching the public good, no payment shall be made out of the Consolidated Revenue Fund without appropriation by Parliament.

Honourable senators, my friends are attempting to amend the act respecting Governor General's warrants. They are attempting to get that word "unforeseen" back in there; the word which was dropped in 1958. That is fair ball. Let them then bring in a private member's bill. Better than that, once the controversy of the moment has passed and the passions of the moment have subsided, let them, through the Standing Senate Committee on National Finance, or through some other committee, bring in a considered and comprehensive report on the matter of the Financial Administration Act, and in particular the use of Governor General's warrants and the limits that would be appropriate to place upon them. Of course, that report would receive, as always, our customary respectful attention.

Senator Frith: I wish you had left the "customary" out, and then we would have believed you.

Senator Murray: Honourable senators, meanwhile, of course, we in the government dissociate ourselves from much of this narrative and from the proposed message having to do with putting the word "unforeseen" back into the Financial Administration Act. We dissociate ourselves from many of the unwarranted conclusions that are drawn by honourable senators. But, naturally, we support the initiative of the committee that the Senate not insist on its amendments, that the bill, C-14, pass and that supply be granted, so that the government can get on with the business of governing the country.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I do not intend to extend the debate very much longer. I stated yesterday, both in the Senate and outside the Senate, that so far as we were concerned we would not behave in any way that would prejudice necessary payments to Canadians. I can only regret that what I consider to be unjustified fear tactics were used by the government in order to, as it were, remove the focus from the fundamental issue involved in our effort.

● (1820)

The Honourable Senator Murray has referred to what he considers is a particularly offensive paragraph in the committee report having to do with the memorandum which was circulated by the secretariat of the Treasury Board. I attended the committee meeting this morning. As a result of questioning by Senator Kirby, it became very clear that this particular cessation-of-payment order had never been employed in the past. A similar circumstance had developed in 1980, when the special warrants were to expire on May 15 of that year, and the Treasury Board issued no stop-payment order. That fact was put in evidence by the witnesses. One wonders why

suddenly, as the debate proceeded in the Senate and as we were exercising our responsibilities, a particular memorandum was injected into the process, which memorandum had the effect, of course, of developing pressure on the Senate, as exploited by the Leader of the Government in the Senate.

I believe that it is important that the Senate take note of this particular incident, because it is without precedent and it was unnecessary, totally unnecessary. If the memorandum were an administrative necessity, then it could have been used in that way, rather than so forcefully promulgated by the Leader of the Government yesterday in order to, as it were, intimidate the Senate into passing the bill before it had discharged its responsibilities. That is why that paragraph is in the report. It has no other purpose than to draw attention to the necessity that Parliament be allowed to perform its function.

I must say that after attending the hearing this morning and after hearing the testimony of the President of the Treasury Board, my concerns deepened. Rather than ameliorating my concerns, his testimony deepened them. The Leader of the Government has said, "Everything we have done is according to the law." We disagree with him. We have given our reasons in our speeches and in this committee report. That disagreement prevails and is reflected in the report of the committee. However, if the action taken by the government is according to law, then we must all agree that it is a very bad law.

Senator Frith: Agreed!

Some Hon. Senators: Hear, hear!

Senator MacEachen: A very bad law. The President of the Treasury Board today re-emphasized his earlier testimony that there is no limit on the total amount of public money sought or on the time for which a special warrant may be used—no limit on the amount and no limit on the time. Surely that is not a desirable situation for a country or a body such as ours that has placed such heavy emphasis on the control of the public purse by Parliament. I do not think that any of us want to deny the government the opportunity, in proper circumstances, such as an election or unforeseen contingencies, to issue special warrants.

It is strange, however, that these powers, which the government says are lawful, were used when Parliament was fully available. In fact, Parliament had been summoned, then adjourned to a date certain and then prorogued. A few days before we reconvened the government drew down approximately \$6.2 billion. It is not as if Parliament had been unavailable. It was available, but it was ignored and the operations were financed. That is what we find unacceptable. We disagree with the government's interpretation. If we accept, however, the conclusion of the government that everything that was done was done according to law, then it is a bad law, because, as the report says, it "leads . . . to the proposition that it would be lawful and constitutional for the executive government to govern Canada without meeting Parliament to obtain supply." That, as the report says, is "contrary to the

principles of responsible government and parliamentary democracy."

In any event, the Leader of the Government was reasonably economical in his remarks and I intend to follow his example. I personally want to congratulate Senator Stewart and those members of the committee who devoted so much attention to this particular issue and who have clarified for the Senate, and I hope for others, the status of Governor General's warrants and their relationship to the control of the purse by Parliament. I think it was a job well done and I congratulate those involved.

Some Hon. Senators: Hear, hear!

Senator MacEachen: I am somewhat encouraged that perhaps we have made an impression on the Leader of the Government.

Senator Murray: You have certainly made an impression!

Senator MacEachen: Maybe he, too, despite his stout defence of what the government has done, has some deep-seated concern. I am sure that there are some senators on the other side who have some concern, although they have not been open in expressing it. They want their thoughts to mature before they express them. It was encouraging to hear the Leader of the Government say that the subject which has been raised is so important that it might form the basis of a bill to be introduced in the Senate or it might form the basis of a comprehensive report to be produced by the National Finance Committee.

Some Hon. Senators: Hear, hear!

Senator Frith: Take a bow.

Senator MacEachen: We have not been dealing with a trivial matter; we have been dealing with a very important matter. As far as we are concerned, we are ready to have the motions and votes that will guarantee the passage of the bill and all the necessary payments. We expect members of the government, supporters of the government, to do their duty and to carry the report, which gives them \$33 billion. That large amount of cash ought to permit them to gulp a bit as they support Part II of the report. They both go together, and I think you have to take both of them.

● (1830)

Some Hon. Senators: Hear, hear!

[Translation]

Hon. Jacques Flynn: Honourable senators, I will simply move that the report be amended by deleting Part II of the report.

[English]

Honourable senators, I move:

That the report be amended by deleting Part II of the report.

I said I would not make other comments, and I do not think I need provocation.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C.:

That the report be amended by deleting Part II of the report.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: I declare the nays have it. The motion is defeated.

Some Hon. Senators: On division!

The Hon. the Speaker *pro tempore*: On division.

With leave of the Senate and notwithstanding rule 45(1)(f), it is moved by the Honourable Senator Leblanc (Saurel), seconded by the Honourable Senator Kenny, that this report be now adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

Some Hon. Senators: On division!

Hon. Royce Frith (Deputy Leader of the Opposition): Not "on division"; not this one!

And two honourable senators having risen.

The Hon. the Speaker *pro tempore*: Please call in the senators.

The Hon. the Speaker *pro tempore*: The doors of the chamber will now be locked.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	MacDonald
Balfour	(Halifax)
Bazin	Macquarrie
Beaudoin	Muir
Bélisle	Murray
Bolduc	Nurgitz
Chaput-Rolland	Ottenheimer
Cochrane	Phillips
Doody	Poitras
Flynn	Simard
Kelly	Spivak
Macdonald	Tremblay
(Cape Breton)	Walker—24.

[Senator Flynn.]

NAYS

THE HONOURABLE SENATORS

Nil

ABSTENTIONS

THE HONOURABLE SENATORS

Argue	Leblanc
Bonnell	(Saurel)
Bosa	Lefebvre
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	McElman
Fairbairn	Olson
Frith	Perrault
Gigantès	Petten
Grafstein	Robichaud
Graham	Stanbury
Guay	Stewart
Haidasz	(Antigonish-
Hays	Guysborough)
Hébert	Stollery
Hicks	Turner
Kenny	van Roggen—33.

The Hon. the Speaker *pro tempore*: Let the doors be opened.

● (1840)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

THE SECRETARY TO THE GOVERNOR GENERAL

17 May 1989

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day of May, 1989, at 6:50 p.m., for the purpose of giving Royal Assent to a Bill.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

The Honourable

The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

● (1850)

At 6:50 p.m. the sitting of the Senate was resumed.
The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker:

The Honourable Marcel Danis, Deputy Speaker of the House of Commons, addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service:

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990 (*Bill C-14, Chapter 1, 1989*).

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 242)

APPROPRIATION BILL NO. 1, 1989-90

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE

WEDNESDAY, May 17, 1989

The Standing Senate Committee on National Finance has the honour to present its

THIRD REPORT

Your Committee, to which was referred the motion of the Honourable Senator Doody, dated 16th May, 1989, and the Message from the House of Commons dated 15th May, 1989 relating to an amendment to Bill C-14, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990, passed by the Senate on 11th May 1989, has, in obedience to the Order of Reference dated 16th May 1989, examined the said motion and Message and now reports as follows:

PART I

Your Committee recommends that a Message be sent to the House of Commons to acquaint that House that, with respect to its Message to the Senate dated May 15, 1989 regarding Bill C-14, the Senate does not insist upon its amendment.

PART II

Your Committee recommends that a further Message be sent to the House of Commons as follows:

It is an established principle of parliamentary democracy that only Parliament, and not the executive government, may authorize payments to be made with public money. Since 1867 that principle has been set forth as statute law in Canada.

In 1867 to permit the executive government to deal immediately with unforeseen and unprovided requirements touching the public good arising when Parliament is not in session, Parliament authorized the executive government to make payments by means of Governor General's special warrants. In that year Parliament enacted:

If, when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other occasion arises when any expenditure not foreseen or provided for by Parliament is urgently and immediately required for the public good, then upon the Report of the Minister of Finance that there is no parliamentary provision, and of the Minister having charge of the particular service in question, that the necessity is urgent, the Governor in Council may order a special warrant to be prepared, to be signed by the Governor himself for the issue of the amount estimated to be required...

Almost one hundred years later, in 1958, Parliament renewed the authorization for payments by special warrants to meet requirements. It did so in the *Financial Administration Act*, Section 28(1) in the following words:

"28.(1) Where a payment is urgently required for the public good when parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the

President of the Treasury Board that there is no appropriation for the payment and the report of the appropriate Minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund."

Earlier in 1951 the definition of the expression "not in session" was extended to include times when the Houses of Parliament have adjourned for long periods. Long adjournments had become common for the first time in the years since 1940. Parliament enacted:

For the purposes of this section, Parliament shall be deemed to be not in session when it is

under adjournment *sine die* or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

This provision is now section 30(5).

Since 1896 special warrants have been used from time to time – three times before 1957, but frequently since – after a Parliament has been dissolved and before the new Parliament has met so as to make payments for carrying on the public service.

This is the background against which the use of the four special warrants used in 1989 must be placed. In 1989 the executive government used special warrants in January, February, March, and April to make payments for carrying on the public service even although the new Parliament had met and even although supply estimates had been presented to the House of Commons.

The executive government states that it relied on the written opinion of its law officers that section 30(1) of the *Financial Administration Act* permits a government, using special warrants, to pay out public money for any purpose set forth (a) in supply estimates or (b) that ordinarily would be included in supply estimates if there were supply estimates as well as for dealing with accidents and other genuine emergencies touching the public good provided only that Parliament is not in session and that there is no other appropriation for that purpose. The government contends that it may use special warrants in the same way when parliament is not in session as special warrants have been used when there is no Parliament by reason of dissolution. The committee was told that there is no limit either on the total amount of public money that may be paid out by means of special warrants or on the time period for which a special warrant may be used.

The Committee rejects the interpretation placed on the *Financial Administration Act*, section 30, by the executive government. It finds that interpretation invalid.

First, that interpretation leads immediately to the proposition that it would be lawful and constitutional for the executive government to govern Canada without meeting Parliament to obtain supply, a proposition manifestly contrary to the principles of responsible government and parliamentary democracy.

Second, it ignores the statutory requirement that any payment to be made by means of a special

warrant must be urgently required. Your Committee was told that it is the considered view of the executive government that any payment that ordinarily would be set forth in supply estimates is a payment urgently required for the public good.

Third, the government's interpretation of the *Financial Administration Act*, section 30 is directly contrary to the interpretations accepted by Parliament in 1951 and 1958 when section 30 was amended.

In 1951 the Deputy Minister of Finance explained certain proposed changes to this section – then section 28 – as follows:

One is section 28, which re-enacts the provisions of the old Act relating to the use of Governor General's warrants for urgent and unforeseen expenditures. The language is clearer and there has been added a provision requiring that each such special warrant be published in the *Canada Gazette* within 30 days after it is used and that a statement of all such special warrants the amounts thereof be laid before the House of Commons within 15 days after the commencement of each session, as well as another provision permitting the issuance of a special warrant if an urgent, unforeseen expenditure is required when Parliament is adjourned *sine die* or to a day more than two weeks after the accident happened or the need arose, as well as when parliament is not in session. This provision is made necessary by the practice which has developed in recent years of long adjournments. *Standing Committee on Public Accounts*, December, 1951.

When asked if each of the expenditures made in 1989 by special warrant was an "urgent, unforeseen expenditure" the government merely stated that based on the advice of law officers of the Crown it believed each of those payments was legal.

In 1951 the Special Assistant to the Department of Finance explained section 28 as follows:

Mr. Chairman, section 26 does not deal with special warrants of the Governor General, it is section 28 which covers urgent expenditures not provided for. Section 28 does give the authority to the Governor in Council to authorize payments of that nature, to cover not only the urgent outlay for repair a which may require to be made to a public building which had been damaged or destroyed, but also the outlay necessary for the carrying on of the public service in the event that Parliament has not made appropriation for that service prior to dissolution. *Ibid.*, page 69.

Again, the government declined to attempted to show that its interpretation is the same as that accepted by Parliament in 1951.

In 1958 the Hon. Donald M. Fleming, the Minister of Finance, explained the new words then enacted by Parliament as follows:

Section 28 has persisted in its present form virtually since confederation. One change that was made when the act was reviewed some five years ago was to provide for the publication in the *Canada Gazette* of the Governor General's warrants, "special warrants" as they were called in the section.

The language of section 28, dating back as I have indicated almost to Confederation, contemplated that resort would be had to the issue of special warrants in cases where an accident happened to a public work or building when Parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when Parliament is not in session in respect of which an expenditure not foreseen or provided for by Parliament is urgently required for the public good. The section goes on to provide with respect to the second case for the steps that may be taken in such a case where no appropriation has been made by Parliament for the situation which has arisen.

In the amendment that is now before the House it is proposed that the language be modernized. Obviously the case that appears in second place in the language of the present act is very much more important and very much more likely to happen than the first one. Nowadays the happening of an accident to a public work or building is not the kind of situation that is most likely to give rise to the need for issuance of the Governor General's warrants. That dates back to the sort of minds of our predecessors in Parliament nearly 90 years ago.

What is proposed now in the amendment is that we put the situation in which Governor General's warrants should be used in these terms, "where payment is urgently required for the public good when Parliament is not in session" and no other appropriation is available. In other words, that is the proper ground. It is already provided for in the section, and it is felt that if we put the case in that form we do not need any longer the opening words of the present section 28 in relation to an accident. *House of Commons Debates*, August 19, 1958, p. 3770.

When asked for an example of the kind of situation in which section 28 (1) might be used, Mr. Fleming stated:

My hon. friend asks about the circumstances under which resort might be had to the issuance of a special warrant. I think I can best answer his question by referring to the situation in which the Governor in Council found himself last August when two warrants were issued. Parliament had made an appropriation in the previous spring, that was exhausted by the beginning of the summer, to provide for the maintenance of Hungarian refugees. We were confronted with a situation in the middle of the summer of 1957 where either we had to recommend to His Excellency the issuance of a special warrant or there just would not have been any money for all to provide food and shelter for these refugees coming into the country. As Parliament had not made that provision, and as we felt it our duty to do so, we recommended the issuance of a special warrant and that step was taken. *House of Commons Debates*, August 19, 1958, p. 3770.

Again, the government declined to try to show that its interpretation of section 28 – now section 30 – is consistent with the interpretation given to Parliament when that section was enacted.

Fourth, although special warrants have been used to make payments to meet unforeseen emergency requirements of the kind mentioned as an example by Mr. Fleming when Parliament is not in session and although special warrants have been used to make payments to meet the ordinary current expenses of the government when there is no Parliament by reason of dissolution, the government could not cite a single precedent supporting its view that special warrants may be used to make payments to meet ordinary current expenses of the government when Parliament is not in session.

Fifth, the government's interpretation of section 30 means that special warrants may be used for contingency requirements when Parliament is not in session notwithstanding that Parliament has specified in Treasury Board Vote 5 the limit beyond which the government may not make contingency payments.

For these reasons your Committee rejects the government's interpretation of section 30 of the *Financial Administration Act* as both wrong and abhorrent.

The Committee noted with concern the interference in the parliamentary process by the Secretary of the Treasury Board through the issuance of a memorandum, contrary to past practice, ordering the cessation of all payments on behalf of veterans and others as of Tuesday, May 16, 1989, with the evident intention of applying pressure on the Senate.

The Senate invites the House of Commons to join it in affirming that, "Subject to the *Constitution Acts, 1867 to 1982*, and except to meet unforeseen, urgent requirements touching the public good, no payment shall be made out of the Consolidated Revenue Fund without appropriation by Parliament.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, MAY 18, 1989

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 17

OFFICIAL REPORT
(HANSARD)

Thursday, May 18, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, May 18, 1989

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

(Translation)

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—FIRST READING

Hon. Jean Bazin, on behalf of Hon. Michel Cogger, moved that Bill S-5, an Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec, be read the first time.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Senator Bazin: Honourable senators, I move, seconded by Hon. Senator Ottenheimer, that this bill be read the second time on Tuesday, May 23, 1989.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, would it not be better to say at the next sitting of the Senate?

Senator Bazin: Honourable senators, I have been advised that it would be better to set a specific time, even if it should have to be postponed.

The Hon. the Speaker: Honourable senators, it is moved by Senator Bazin for Senator Cogger and seconded by Senator Ottenheimer that this bill be placed on the Orders of the Day for second reading on Tuesday next, May 23, 1989.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[English]

TOBACCO RESTRAINT ACT TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—FIRST READING

Hon. Stanley Haidasz presented Bill S-5, to amend the Tobacco Restraint Act and the Tobacco Products Control Act. Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Haidasz, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

NATIONAL DEFENCE

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Henry D. Hicks: Honourable senators, I have the honour to present the third report of the Standing Senate Committee on National Defence, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see Appendix "A", p. 261.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Hicks, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTH REPORT

Your Committee is presently undertaking a review of the budgetary situation pertaining to Senate Committees.

Your Committee therefore recommends that, notwithstanding the *Procedural Guidelines for the Financial Operation of Senate Committees* adopted on March 26, 1986, for any committee budget for the financial year 1989-90 submitted to and approved by the Internal Economy Committee, your Committee be authorized to release no more than 3/12 of those approved funds until the end of June 1989.

Since the Special Committee of the Senate on Terrorism and Public Safety and the Special Committee of the

Senate on National Defence are to present their reports no later than June 30, 1989, your Committee recommends that these two Committees be exempt from the 3/12 rule.

Respectfully submitted.

ROMÉO LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

NINTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

NINTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, May 3, 1989. The said budget is as follows:

Professional and Other Services	\$112,080.00
Transportation and Communications	750.00
All Other Expenditures	1,500.00
TOTAL	\$114,330.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be adopted now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

TENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TENTH REPORT

The Senate and the House of Commons have been advised by Treasury Board that the Post-retirement Life Insurance Plan is extended to both Houses of Parliament should Senators and Members of the House of Commons wish to take advantage of this benefit.

Amount of Life Insurance:

The following is a summary of coverage provided by this Post-retirement Life Insurance Plan.

During the 1st year of retirement = 100% of Senators' adjusted final salary;

During the 2nd year of retirement = 75% of Senators' adjusted final salary;

During the 3rd year of retirement = 50% of Senators' adjusted final salary;

During the 4th year of retirement and thereafter = 25% of Senators' adjusted final salary.

Cost of Insurance:

The Treasury Board will pay the full amount of the premiums to support post-retirement life insurance. As the amount of insurance is reduced after each of the first three (3) years of coverage, so will the premium Treasury Board pays on the Senators' behalf.

The premium rate for this insurance amounts to \$1.21/\$1,000 per month.

Premiums and Their Tax Implications:

In accordance with current income tax legislation, premiums paid by Treasury Board for life insurance in excess of \$25,000 are to be a taxable benefit to the Senator.

Your Committee recommends the approval of Treasury Board's offer to extend the Post-retirement Life Insurance Plan to Senators.

Your Committee recommends that negotiations take place to make the Post-retirement Life Insurance Plan retroactive to January 1, 1989.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ELEVENTH REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 18, 1989ms

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

ELEVENTH REPORT

Your Committee reviewed the report of the Sub-Committee established to inquire into the travel expense allegations made against Senator Argue. The said report is as follows:

"Your Sub-Committee received its Order of Reference on April 6th, 1989. The Honourable Senators Lewis, McElman and Nurgitz served on the Sub-Committee.

Your Sub-Committee met on May 17th, 1989 to receive and study the audit report undertaken by an independent public accounting firm. Based on the report, and after due consideration, it was agreed that the matter studied and all financial documents relevant thereto be turned over to the proper authorities for investigation."

Your Committee recommends the approval of this report by the Senate.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

● (1410)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator LeBlanc: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be taken into consideration now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

FOREIGN AFFAIRS

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John B. Stewart: Honourable senators, I have the honour to present the fourth report of the Standing Senate

[Senator LeBlanc]

Committee on Foreign Affairs, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of the report see Appendix "B" p. 264.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Stewart, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

PROBLEMS OF THE AGED

NOTICE OF INQUIRY

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Tuesday, June 13, 1989, I will call the attention of the Senate to the problems of the aged, including the substantial increase in population of those aged 65 and over, as well as problems of income, security, retirement, housing, transportation and social welfare in general, including abuse and health care.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with the leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, 30th May, 1989, at two o'clock in the afternoon.

I would ask permission to comment briefly on my motion.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Doody: Honourable senators, the order paper that we have before us now contains only one government piece of business, Bill C-7, an act to amend the Criminal Code (parimutuel betting). My understanding is that the Senate is prepared to deal with that today on second reading and have it referred to committee. Since that is the only piece of government business before us, and since we do not really anticipate anything for the coming week, it might be appropriate for us to recess for that week and come back on May 30. There is really no need for us to be present in the absence of government legislation.

I think that by the following week the Borrowing Authority Bill and perhaps some other pieces of legislation will be up

from the other place and then we can get back to work on those.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I do not think Senator Doody has left anything to be said, so I will not say anything more.

Motion agreed to.

DISTINGUISHED VISITOR IN GALLERY

POLISH COMBATANTS ASSOCIATION OF CANADA

Hon. Stanley Haidasz: Honourable senators, I should like to draw to the attention of honourable senators the presence in the gallery of Captain Andrzej Garlicki, member of the Order of Canada and vice president, Polish Combatants Association of Canada.

Hon. Senators: Hear, hear!

Senator Haidasz: Captain Garlicki, on May 18, 1944, 45 years ago today, took part in the victory of Monte Cassino in Italy as a member of the Second Polish Corps of General Anders, which was part of the 8th British Army under the Supreme Commander General Alexander, whom we got to know in the 1950s as Viscount Alexander, Governor General of Canada. We wish Captain Garlicki and his fellow combatants success in their discussions with the federal government about plans to commemorate the 50th Anniversary of the outbreak of World War II.

[Translation]

QUESTION PERIOD

ATLANTIC CANADA OPPORTUNITIES AGENCY

AMOUNTS APPROVED AND SPENT FOR FINANCIAL YEAR 1988-89

Hon. Norbert L. Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate.

I would like to ask him if he could, on May 30th, at the next sitting of the Senate, provide us with a list of the amounts approved and spent by the ACOA for the fiscal year 1988-89.

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, I will do my best to get this information from the Agency.

[English]

THE ENVIRONMENT

TRANSPORTABLE PCB INCINERATORS—STATUS OF GOOSE BAY, LABRADOR UNIT AND QUEBEC OR ONTARIO UNIT

Hon. Colin Kenny: My question is for the Leader of the Government in the Senate. Nine months ago, in answer to an earlier question of mine respecting the transportable incinerator which is to go to Goose Bay, the Leader of the Government said:

the Department of National Defence is already well advanced with respect to environmental evaluations and community consultations at Goose Bay.

Can the Leader of the Government bring us up to date on the status of that incinerator and also give us some indication as to the timetable for the operation of the second incinerator, which is to go somewhere in Quebec or Ontario?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall obtain a report from my colleagues on this matter and bring it in as soon as possible.

THE BUDGET

TELEVISION ADVERTISING CAMPAIGN BY GOVERNMENT— NAME OF AGENCY AND COST—COMPARATIVE COST OF FREE TRADE AGREEMENT ADVERTISING CAMPAIGN

Hon. Raymond J. Perrault: Honourable senators, during the National Hockey League television broadcasts listeners are assailed by messages from the government on the recently produced Budget. It is alleged that several million dollars have been spent on financing this appeal for public support for this Budget, at a time when the federal government is withdrawing from unemployment insurance programs and at a time when other social programs are being reduced.

Can the Leader of the Government bring to this chamber details with respect to this televised propaganda by this government? How much is the campaign costing? I should also like to know the name of the advertising agency which was authorized by the government to place these messages during the National Hockey League broadcasts, and I would like to hear from the leader justification for one of the most blatant abuses of the public air waves by a government in the history of this country.

● (1420)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, it is obvious that the advertising is working—

Senator Doody: "The land is strong!"

Senator Murray: —and has hit the mark. The honourable senator said, inaccurately, that the advertising was an appeal for support for the Budget. It was not that. Indeed, the advertising began, on radio at any rate, before the Budget was brought down, and it refers to none of the measures in the Budget nor to the Budget.

Senator Frith: I can tell by the angelic expression you are using on this one that you do not believe it at all.

Senator Murray: It is an information program, designed to acquaint Canadians with the seriousness of the national debt and deficit problem which the government must face and to appeal for a concerted effort by all citizens to reduce that deficit. I would have thought that, in general, that was a message that had the support of all parliamentarians.

Senator Perrault: Honourable senators, here is a government that claims that the Canadian people are very much in support of the measures it has taken. Why is it necessary, then, to spend millions and millions of dollars—there have been some estimates of up to \$20 million, and I do not know what the final figure is—

Senator Frith: That is probably conservative.

Senator Perrault: —to convince people about a matter which you allege already has their enthusiastic support? If the people support the budget proposals, why must we resort to these devices to insist that they reinforce their alleged support? To misuse the government treasury in this way invites an investigation of the government's relationship to its chosen advertising agencies in this country and the government's entire program of alleged information.

Senator Murray: Honourable senators, I neglected to reply to one of the questions that my friend asked when he first rose.

Senator Doody: Shame!

Senator Murray: That was the name of the advertising agency that had placed the advertising. Subject to verification, I believe that would have been Media Canada, which is responsible for the placing of government advertising.

The honourable senator is wrong—tenfold, as a matter of fact—in his estimate of the cost. Again, subject to verification, the cost of that advertising program is not in the vicinity of \$20 million. It is less than \$3 million.

Senator Perrault: Well, \$3 million would be of great benefit to the people of Summerside, Prince Edward Island.

Some Hon. Senators: Hear, hear!

Senator Perrault: It would be of great benefit to them. It might keep the creditors from moving in on them during their time of great distress in Summerside.

This television assault on the senses, the sight and sound faculties, of the people of Canada really is an insult, and even the Leader of the Government must be embarrassed by this program.

Senator Murray: On the contrary, honourable senators. There is every evidence that the advertising program has been very effective in part because it is not a partisan advertising campaign.

Senator Frith: Come on, don't smile! You are doing well.

Senator Murray: It is designed to convey a message that this government and previous governments have tried to convey, and that is the seriousness of the debt and deficit problem. If it makes my honourable friend more comfortable, I can assure him that we pretested the advertising—

Senator Perrault: Pretested!

Senator Murray: —in focus groups and so on, and that—

Senator MacEachen: In the Tory caucus!

Senator Murray: —the testing was extremely positive.

[Senator Murray.]

Senator Perrault: Honourable senators, during the recent federal election campaign there was not one reference to the deficit, not one reference to what is now described as a critical problem, not one reference by the Prime Minister of this country to what is now described as an emergency circumstance. There were \$17 billion worth of promises made by this government, many of them broken. Indeed, there is now a whole trail of shattered and broken promises.

The fact that the government has chosen this moment, during a time when Canadian sports fans are trying to enjoy themselves, to remind them of this Budget is the ultimate insult to the Canadian people.

[Translation]

Hon. Azellus Denis: I have a supplementary question for the Leader of the Government in the Senate.

I would like to ask him whether these advertising costs are comparable to those incurred to publicize the Free Trade Agreement. If so, could he give us the cost breakdown for this advertising campaign and the one for the Free Trade Agreement with the United States?

Senator Murray: Honourable senators, I do not know if my friend is looking for a financial comparison of these two advertising campaigns.

For the time being, all I can say is that the two campaigns are similar in that they have both been wonderfully successful.

[Translation]

HEALTH AND WELFARE

FEDERAL ADVISORY COUNCIL ON AIDS—APPOINTMENT OF CHAIRMAN—FUNDING

Hon. Stanley Haidasz: Honourable senators, my question is for the Leader of the Government in the Senate. I wish to ask whether the Minister of National Health and Welfare has yet found time to fill the chairmanship of the Federal Advisory Council on AIDS and whether there will be more funds contributed to fight that terrible epidemic.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask Mr. Beatty for a report on those matters.

VIA RAIL

REDUCTION IN BUDGET—PROSPECTIVE EMPLOYEE CUTS—EMPLOYEE SENIORITY AND PENSION RIGHTS

Hon. Charles Turner: Honourable senators, on May 4 I asked the Leader of the Government in the Senate a question regarding employee seniority and pension rights. The answer I received yesterday is not worth the paper it is written on.

My question is: What happens to the employee seniority and pension rights? Do they revert back as employees of the CNR and the CPR? A yes or no answer is what I want.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I regret that Senator Turner does not find to his

liking the answer which was tabled by the Deputy Leader of the Government yesterday, but the answer we have received points out that the question is really hypothetical at this stage.

The minister replied that the employment impact of any of the options that VIA Rail is now considering cannot be determined until the corporation has submitted its business plan. It would therefore be premature, and indeed irresponsible, to comment at this time.

• (1430)

Senator Turner: That is not good enough! The government has left all of the employees in a no-man's-land. All we want to know is what is going to happen to the employees in the event that VIA cuts its services. Do they revert to being former CNR or CPR employees, retaining their place on those seniority lists, yes or no? It does not interfere with any business decision.

Senator Murray: But, honourable senators, that is a hypothetical question at this point. In connection with any plans that affect the employees, the honourable senator can be assured that the fullest consultations will take place with the representatives of those employees.

Senator Turner: Well, Mr. Minister, I am telling you right now that we are not satisfied with that answer and we are prepared to take action, if necessary.

[Translation]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaudoin, seconded by the Honourable Senator Asselin, P.C., for the second reading of the Bill C-7, An Act to amend the Criminal Code (pari-mutuel betting).—*(Honourable Senator Corbin)*.

Hon. Eymard G. Corbin: Honourable senators, as I see it, there is no social benefit or public necessity that warrants this legislation. Furthermore, these amendments to the Criminal Code involve a social cost that was not even mentioned in the course of this debate. On May 9, Senator Beaudoin introduced Bill C-7 in the Senate for second reading. The purpose of this bill is to amend Section 204 of the Criminal Code dealing with pari-mutuel betting. Subsections (2) and (8) will permit pari-mutuel betting on horse races viewed on video screens. The establishments where the public will be able to view the races live and bet on them will be located outside the racetrack or at tracks where no races are held. The legislation provides that the interests of the provinces will be protected by the obligation on track owners to obtain a licence from the Lieutenant Governor in Council before they can obtain a federal operating licence.

Senator Beaudoin viewed this legislation as a panacea for certain apparent or real problems besetting the race track industry. Senator Beaudoin explained that competition from

provincial lotteries — another government creation — and casinos was adversely affecting race tracks. I don't know whether he forgot or whether it was part of his sales strategy, but Senator Beaudoin did not tell us that some race tracks sell lottery tickets and even operate casinos. I may refer you in this respect to a letter from the Ontario Harness Horsemen's Association, dated May 5, 1989.

The bill's sponsor also mentioned the need to protect jobs in this industry. He suggested that the legislation would widen the economic base of the race track industry. The purpose is to bring more people to the races. Well, according to the experience of our neighbours across the border in the United States—in Illinois, for instance—the authorities noticed that customers had not changed, and that race track regulars were also the people who took advantage of the new service. So the argument that it widens the economic base does not hold true in all cases. I did not pursue my inquiry further, since I did not have time. Granted, race track profits have increased. I would not say they have been climbing steadily for several years, but the benefits seem to come out of the same back pockets.

However, let us assume that the government's strategy for expanding the clientele of our race tracks is a big success. Does the government want to encourage Canadians to gamble? I think Canadians are already sufficiently attracted to all kinds of lotteries. With all the advertising that is falling on their ears every day, several times a day, I don't think we should open the door any further to attract them to this new kind of betting.

This type of activity is often referred to as a voluntary tax. It is in fact an activity that has proliferated for a number of years. A few days ago, a minister from my own province of New Brunswick announced that they were going to establish a lottery and give the profits to the Amateur Athletic Association. This is going on all over Canada. To promote the arts, culture or amateur sport, games of chance, including lotteries, are being set up in various forms.

As usual, and it has been our experience and that of many others, this type of entertainment is most popular among the neediest in our society. Those who are least able to spend this kind of money are most likely to do so. That is where we see the social cost, because everybody thinks that if they buy a lottery ticket or a ticket at the race track, they can get rich overnight, while in many cases, the exact opposite occurs. Dreams are dashed, families are broken up and children are deprived of many of the necessities of life as a result.

This Bill raises a question of public morality. Is it acceptable that our governments, federal or provincial, promote gambling by pretending to regulate an area which may have some criminal aspects? I do not accept it and never did. I know that many people and many organizations in Canada agree with me. As Senator Stanbury mentioned, the United Church of Canada, among others, opposes this Bill.

We are told that lotteries, pari-mutuel betting, and so on, are some kind of voluntary tax. If it were the case, it seems to me that municipal, provincial and federal taxes would go down

instead of up. It is definitely not the case. So, please stop telling us that it is a voluntary tax. It is nothing but another means of ripping off people who cannot afford it.

One thing for sure is that the concept of freedom and morality has greatly evolved in our society. Still I would suggest that we Canadians want to preserve certain basic values, certain fundamental concepts of public morality. A bill such as this one introduced by the Government does not respect that kind of social commitment. I deplore the fact that the Government—again, I repeat, claiming it seeks to set some sort of order in the horse racing industry or make it more profitable—wants to make pari-mutuel betting more readily accessible.

Senator Beaudoin described the bill as the public answer to illegal betting through bookmakers. However, I listened to him very carefully but he did not say anything about the fact that pari-mutuel betting is a social problem, just as are alcohol and drug abuse. It has become such a social concern that people who are affected by the negative impact of this habit have set up self-help groups to offset the attraction of every kind of pari-mutuel betting and to support one another in their fight against this type of enticement.

In the United States, for instance, there is an association called the Council on Compulsive Gambling of New Jersey. It was founded in 1982 and so far has only 250 members, according to the latest information available. In New York State there is another association called the Gam-Anon International Service Office. "Gam" is short for gambling and "Anon" for anonymous. It was founded in 1960. The Association now has 5,000 members in 350 regional and 30 state groups in various locations in the U.S. Members of this type of association are usually men and women, as well as relatives and friends of what we call compulsive gamblers. Another association on the West Coast of the United States, called Gamblers Anonymous, it was founded in 1957 and has 20,000 members and 691 local groups. People of every origin and from all walks of life belong to this association. If we could compare this membership—there are other groups but I will not name them all—to that of Alcoholics Anonymous, for instance, of which not more than 2 per cent of Canadian alcoholics are regular and abstaining members, if we apply this percentage to gambling activities, we find that there are a lot of people who are desperate. Even if the figures show there are many people who have formed groups to try and deal with their problem without government assistance, the problem often becomes a social one.

Honourable senators, I will not pursue the matter further, except perhaps to say that the horse racing industry is in very good shape in this country. Senator Stanbury said as much. He quoted a press release dated January 26, 1989 in which the Honourable Don Mazankowski mentioned the volume of betting on Canadian race tracks. The press release told us that a record \$1.82 billion was wagered at 107 race tracks around the country, an increase of 6.2 per cent over 1987.

It is claimed that this bill will save an area of the entertainment industry that is failing and in bad shape. The statistics

[Senator Corbin.]

show that is definitely not the case. That is why I said at the beginning of my comments that there was no need for this legislation. Furthermore, it triggers social costs for which the government does not provide a solution. Thank you, honourable senators.

• (1440)

[English]

Hon. Keith Davey: Honourable senators, I will be extremely brief. I should like to underline some of the remarks contained in Senator Beaudoin's excellent presentation. He said, in particular:

The double intent of Bill C-7 is to provide the horse racing industry with a marketing opportunity that will help broaden the industry's economic base, which had been shrinking by increased competition from other forms of entertainment and wagering dollars—

Honourable senators, 100,000 Canadians are employed in the horse racing industry. That is more people than work in the aeronautics and automobile sectors combined. Still, the industry is in peril, and little wonder. In 1987 provincial lotteries attracted \$3.34 billion at 34,000 locations across Canada.

Teletheatre wagering will greatly assist the horse racing industry at a critical time. It is worth putting on the record that the horse racing industry is an industry which is extremely well administered. The fact is that Canadian horsemen and horse breeders are world renowned for their skills.

Yesterday we discovered that some of our colleagues do not approve of horse racing. I feel sorry for them, but that is their business. No one is forced to attend. Millions of Canadians wager every day on the Stanley Cup, the Grey Cup, church bingos, lottery tickets, penny stocks, rotisserie baseball, not to mention golf and bridge, and I could go on and on. The overwhelming majority of these Canadians are God-fearing citizens, some of whom even go to church every Sunday.

I must say that I resist the notion that somehow horse racing is a "less than honourable" sport. Nothing could be further from reality. It is honourable. It is the sport of kings and queens, including Her Majesty Queen Elizabeth II, the very Queen each of us honours every time we meet in this chamber.

Some Hon. Senators: Hear, hear!

Senator Corbin: Honourable senators, in responding to Senator Davey's remarks, may I say that if I have left the impression that I am against horses or horse racing, that is totally false. I like horses. I do not mind watching a race on television. I went to the race track once in my life. I placed a bet; I was lucky, and I never returned. However, I have seen a lot of people hurt by the gambling aspect of horse racing. It was against that that I spoke, not against those dear horses.

• (1450)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to add a brief footnote to this debate, and it is in the guise of another "voice in the wilderness" comment. I hope it is worth noting that every time we

get a piece of legislation that includes the expansion of gambling, we drive another nail into the coffin of what was once a moral principle—that is, the principle that gambling is immoral.

This sort of moralistic lecture, or pedantry, lies very ill in my mouth, because I certainly cannot present myself as someone who has never gambled. Nor am I taking the pledge now never again to do so. However, it just interests me, and evidently Senator Corbin and some other senators as well, that the concept started with lotteries. The idea that gambling was illegal or immoral seemed to be a principle that was intact so far as the state was concerned, in that gambling on horses and other forms of gambling were considered exceptions to the general rule.

Senator Doody: And bingos.

Senator Frith: Bingos were considered an exception to the rule also; quite right.

An Hon. Senator: Except for Catholics.

Senator Doody: I am speaking on behalf of that faith.

Senator Frith: It has seemed to me, as I think it has to some other Canadians, that, even though the principle seemed to be observed or respected more in its breach than in its observance, the general acceptance of the community's moral principles included the principle that gambling is immoral. But the minute the argument was made on behalf of lotteries a change began.

Some of you may be old enough, as I am, to remember the Irish Sweepstakes. They were considered illegal, but nevertheless were practised. They were still an exception to the basic rule. Then lotteries were introduced, first so that we could keep the money in Canada rather than send it to Ireland and so that our society could reap the benefits from having lotteries.

Shortly thereafter, gambling, as supported by the state, was no longer considered immoral; the state itself, which ran the lotteries, was advertising and persuading everyone to gamble—not by saying, “If you gamble we will take your money and use it for good social purposes, but by saying, “Be sure to go out and gamble.” The ads on street cars, buses, radio, television and in newspapers were not only saying that gambling is okay but were saying that gambling is very desirable.

That is the end of the moralistic lecture and the end of a footnote to another nail in the coffin of that principle—and maybe the principle has generally lost support and is no longer a question of morality anyway.

Hon. Heath Macquarrie: Honourable senators, I am prompted to speak only because my friend across the way has invoked not only philosophy but also morality.

Senator Doody: Bingo!

Senator Macquarrie: Senator Doody says “bingo.” Bingo is not my field, but, as a Presbyterian, I have to bring some response into a moral issue.

I come from that province, Prince Edward Island, which is called the “Kentucky of Canada.” As we become increasingly competent in the quality of our horse flesh, we rather like to think that Kentucky is the Prince Edward Island of the great republic. So I am always a little leery if anyone adopts anything that is close to an anti-equine posture.

I am troubled when people talk about nailing coffins down or putting more nails into the coffins, because, as a senior citizen, these things are not quite so funny as when I was 16 or 18. But I respect greatly the principles which people have against playing bingo and any form of gambling.

Senator McElman: The rocky pine coffins!

Senator Macquarrie: But as one who has run many times for public office, I would say that, if having your name on a ballot and putting that out to hundreds or thousands of people and wondering what will come back and how many will be marked with your name is not a gamble, then I do not know what a gamble is.

I do not know how to play poker; I do not even know how to play bridge, but I have been in politics a long time. I am sure that I have been gambling a great deal.

Senator MacEachen: But you got the royal flush!

Senator Macquarrie: I am not troubled about morality. Some people say that life is a gamble. My Presbyterian father would have horse whipped me for saying that. It is all supposed to be ordained, preordained and predestined.

This bill will not upset the morality or the mores of Canada to any great extent. Even the Charlottetown driving park will still be a great attraction for all those people who know good horse flesh and who love the joys of a grand community. My colleague here, the constitutional expert who is my favourite horseman now, has proposed a good bill in a fine way. He is off to a great start!

[Translation]

The Hon. the Speaker: Honourable senators, I must inform you that, if senator Beaudoin now, speaks, he will close the debate on the motion for second reading of this bill.

Hon. Gérald Beaudoin: Honourable senators, I have nothing to add really to what I said at the beginning about the motion for second reading of this Bill.

Of course, I have taken note of the objections raised. If the Senate agrees to refer this bill to the committee, we will deal with these objections to the best of our knowledge.

Motion agreed to and bill read a second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Beaudoin, bill referred to the Standing Senate Committee on National Finance.

[English]

WAR VETERANS ALLOWANCE ACT

BILLS TO AMEND—REQUEST FOR SPEAKER'S RULING

On Orders No. 2 and 3:

Second reading of the Bill S-3, An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons).—(*Honourable Senator Marshall*); and

Second reading of the Bill S-4, An Act to amend the War Veterans Allowance Act (Residence in Canada).—(*Honourable Senator Marshall*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I do not want to comment on the substance of these bills in any way, but both Bill S-3 and Bill

S-4 are private members' bills. May I ask His Honour, through the Senate, to have the staff vet them to see if they are in an order and form suitable for the Senate to consider? That might save us some wrangling further down the line. I do not know if there are money implications in this or whether it is even within the Senate's purview to consider such bills, but perhaps the Chair could take them into consideration and give us a ruling at a later date.

The Hon. the Speaker: Honourable senators, is that your wish?

Hon. Senators: Agreed.

The Hon. the Speaker: I will rule on that at the next sitting of the Senate.

The Senate adjourned until Tuesday, May 30, 1989.

APPENDIX "A"

(See p. 252)

NATIONAL DEFENCE

THIRD REPORT OF SPECIAL SENATE COMMITTEE

THURSDAY, May 18, 1989

The Special Committee of the Senate on National Defence has the honour to present its

THIRD REPORT

Your Committee, which was authorized by the Senate on Wednesday, April 5, 1989, to hear evidence on and to consider the following matter relating to National Defence, namely, Canada's land forces, including Mobile Command, and such other matters as may from time to time be referred to it by the Senate, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

HENRY D. HICKS
Chairman

APPENDIX (A) TO THE REPORT

SPECIAL COMMITTEE OF THE SENATE ON
NATIONAL DEFENCEAPPLICATION FOR BUDGET AUTHORIZATION FOR
THE PERIOD APRIL 3rd TO JUNE 30th 1989ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*,
Wednesday, April 5, 1989:

"The Honourable Senator Hicks moved,
seconded by the Honourable Senator Molgat:

That a special committee of the Senate be appointed to hear evidence on and to consider the following matter relating to national defence, namely, Canada's land forces including mobile command, and such other matters as may from time to time be referred to it by the Senate;

That, notwithstanding Rule 66, the Honourable Senators Balfour, Bonnell, Buckwold, Doyle, Gigantès, Hicks, Lewis, MacEachen (or Frith), Marshall, McElman, Molgat, Molson, Murray (or Doody) and Roblin, act as members of the Special Committee and that four members constitute a quorum;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the Committee;

That the papers and evidence received and taken on the subject during the Thirty-third Parliament be referred to the Committee; and

That the Committee report to the Senate no later than 30th June, 1989.

The question being put on the motion, it was--
Resolved in the affirmative."

CHARLES A. LUSSIER
Clerk of the Senate

SUMMARY

Professional and Other Services	\$ 38,000.00
Transportation and Communications	1,250.00
All Other Expenditures	<u>6,750.00</u>
TOTAL	\$46,000.00

The foregoing budget was approved by the Committee on the 18th day of April, 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Special Committee of the Senate on
National Defence
Henry D. Hicks

Date: April 18, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: May 11, 1989

EXPLANATION OF COST ELEMENTS

Professional and Other Services

- | | | |
|---|-----------------|-------------|
| 1. Parliamentary Centre
(to provide, for 3 months, on an hourly basis. (See detail below *)) | \$20,250.00 | |
| 2. One time cost of editing the Report:
(See detail below *) | | |
| English \$ 4,000.00 | | |
| French <u>7,750.00</u> | 11,750.00 | |
| 3. Expenses of Witnesses | <u>6,000.00</u> | \$38,000.00 |

Transportation and Communications

- | | | |
|--------------------------------|-----------------|----------|
| 1. Telegrams and Telephones | 250.00 | |
| 2. Postage and Courier Service | <u>1,000.00</u> | 1,250.00 |

All Other Expenditures

- | | | |
|---|-----------------|---------------------------|
| 1. Participation at special conferences, seminars and/or speaking engagements by Committee members and/or staff | 4,500.00 | |
| 2. Purchase of Stationery, books and periodicals | 250.00 | |
| 3. Other expenditures | <u>2,000.00</u> | <u>6,750.00</u> |
| TOTAL | | <u>\$46,000.00</u> |

OTHER INFORMATION

Previous budget for 4 month period, December 1, 1988 to March 31, 1989:	\$ 49,680.00
---	--------------

Remaining in the budget on March 31, 1989:	\$37,680.00
--	-------------

*DETAIL

Professional and other Services

ITEM	Monthly rate
<u>Director of Research:</u> 75 hrs. x \$65.00 (Gregory Wirick)	\$ 4,875.00
<u>Advisor:</u> 5 hrs. x \$118.00 (P.C. Dobell)	590.00
<u>Additional Advisor:</u> 5 hrs. x \$65.00 (David Lord)	325.00
<u>Research Assistant:</u> 9 hrs. x \$40.00	360.00
<u>Secretarial and word processing:</u> 25 hrs. x \$24.00	<u>600.00</u>
Total monthly rate:	\$ 6,750.00
Total for 3 months:	<u>\$20,250.00</u>

French Language Editor (Chritiane E. Kaisin)

Based upon 400 typewritten,
double-spaced pages:

Editing: 135 hours x \$50.00	6,750.00
Proofreading: 40 hours @ \$25.00	<u>1,000.00</u>
	\$7,750.00

APPENDIX (B) TO THE REPORT

THURSDAY, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Special Committee of the Senate on National Defence for the proposed expenditures of the said Committee with respect to its examination of Canada's land forces including mobile command, as authorized by the Senate on Wednesday, April 5, 1989. The said budget is as follows:

Professional and Other Services	\$ 38,000.00
Transportation and Communications	1,250.00
All Other Expenditures	<u>6,750.00</u>
TOTAL	\$46,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

APPENDIX "B"

(See p. 254)

FOREIGN AFFAIRS

FOURTH REPORT OF STANDING SENATE COMMITTEE

THURSDAY, May 18, 1989

The Standing Senate Committee on Foreign Affairs has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, April 5, 1989, to monitor and report on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related trade developments, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART

Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRSAPPLICATION FOR BUDGET AUTHORIZATION FOR
THE FISCAL YEAR ENDING MARCH 31, 1990

AUTHORITY

Extract from the *Minutes of Proceedings of the Senate*,
Wednesday, April 5, 1989:

"With leave of the Senate,
The Honourable Senator Frith moved, seconded
by the Honourable Senator Stewart (*Antigonish-
Guysborough*):

That the Standing Senate Committee on Foreign Affairs be authorized to monitor and report on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related developments; and

That the papers and evidence received and taken on the aforesaid subject before the Committee during the Second Session of the Thirty-third Parliament and the First Session of the Thirty-fourth Parliament be referred to the Committee.

The question being put on the motion, it was--
Resolved in the affirmative."

CHARLES A. LUSSIER
Clerk of the Senate

SUMMARY

Professional and Other Services	\$ 167,562.00
Transportation and Communications	4,250.00
All Other Expenditures	<u>1,250.00</u>
TOTAL	\$173,062.00

The foregoing budget was approved by the Committee on the 2nd day of May 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on
Foreign Affairs
John B. Stewart

Date: May 2, 1989

FOR INFORMATION PURPOSE ONLY

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: May 11, 1989

Budgets approved for the fiscal year 1987-88: \$221,749.00
Expenditures: \$79,511.00

Budgets approved for the fiscal year 1988-89: \$203,228.00
Expenditures: \$131,580.37

EXPLANATION OF COST ELEMENTS

Professional and Other Services

1. <u>Advisor to the Committee</u>	
35 hrs. a month at \$95.00 per hr.	\$3,325.00
<u>Counsellor</u>	
12 hrs. a month at \$121.00 per hr.	1,452.00
<u>Assistant Advisor</u>	
40 hrs. a month at \$63.00 per hr.	2,520.00
<u>Assistant Advisor</u>	
150 hrs. a month at \$37.50 per hr.	5,625.00
<u>Secretarial & Word processing</u>	
30 hrs. a month at \$24.00 per hr.	<u>720.00</u>
per month	13,642.00
(13,642.00 x 11 months)	\$150,062.00
2. Expenses of witnesses	17,500.00

Transportation and Communications

1. Anticipated expenses of Senators responding to invitations to speak on the work of the Committee	3,000.00	
2. Telegrams and Telephones	250.00	
3. Postage and Freight	<u>1,000.00</u>	4,250.00

All Other Expenditures

1. Purchase of Stationery, books and periodicals	250.00	
2. Other expenditures	<u>1,000.00</u>	<u>1,250.00</u>
TOTAL		<u>\$173,062.00</u>

APPENDIX (B) TO THE REPORT

THURSDAY, May 11, 1989

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination on the implementation and application in both countries of the *Canada-United States Free Trade Agreement Implementation Act* as well as any other related trade developments, as authorized by the Senate on Wednesday, April 5, 1989. The said budget is as follows:

Professional and Other Services	\$ 167,562.00
Transportation and Communications	4,250.00
All Other Expenditures	<u>1,250.00</u>
TOTAL	\$173,062.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

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**THE SENATE OF CANADA
PROGRESS OF LEGISLATION**

(2nd Session, 34th Parliament)

Thursday, 18th May, 1989

**GOVERNMENT BILLS
(HOUSE OF COMMONS)**

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)

First reading, May 4, 1989. Second reading and referral to National Finance Committee, May 18.

BILL C-14

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990

First and second readings and referral to National Finance Committee, May 9, 1989. Report from Committee (with one amendment), adoption of Report and third reading, as amended, May 11. Message from Commons disagreeing with Senate amendment, May 15. Referral of Message to National Finance Committee, May 16. Report from Committee (the Senate does not insist on its amendment) and Royal Assent, May 17. *Chapter 1, 1989.*

GOVERNMENT BILLS

(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

SENATORS' PUBLIC BILLS

BILL S-3

An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons) (Senator Marshall)

First reading, May 15, 1989.

BILL S-4

An Act to amend the War Veterans Allowance Act (Residence in Canada) (Senator Marshall)

First reading, May 15, 1989.

BILL S-6

An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act (Senator Haidasz, P.C.)

First reading, May 18, 1989.

SENATORS' PRIVATE BILLS

BILL S-5

An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec (Senator Cogger)

First reading, May 18, 1989.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 19

OFFICIAL REPORT
(HANSARD)

Tuesday, June 6, 1989



THE HONOURABLE MARTIAL ASSELIN, P.C.
ACTING SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, June 6, 1989

The Senate met at 2 p.m., the Honourable Martial Asselin, Acting Speaker, in the Chair.

Prayers.

PROPERTY QUALIFICATION OF SENATORS

REPORT PRESENTED

The Hon. the Acting Speaker: Honourable senators, I have the honour to present the report of the Clerk of the Senate listing the names of the members of the Senate who have renewed their declaration of property qualification.

COMMITTEE OF SELECTION

FOURTH REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, June 6, 1989

The Committee of Selection has the honour to present its

FOURTH REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

SENATE COMMITTEE ON FISHERIES

The Honourable Senators Adams, Bielish, Bonnell, Cochrane, Corbin, Hicks, *MacEachen (or Frith), Marshall, Molgat, *Murray (or Doody), Petten, Robertson, Rossiter and Thériault. (12)

*Ex officio members.

SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Adams, Atkins, Bonnell, Chaput-Roland, Davey, Graham, Leblanc (*Saurel*), MacDonald (*Halifax*), *MacEachen (or Frith), Muir, *Murray (or Doody), Stewart (*Antigonish-Guysborough*), Spivak and Stollery. (12)

*Ex officio members.

JOINT COMMITTEE ON SCRUTINY OF REGULATIONS

The Honourable Senators Beaudoin, Bolduc, Cogger and Rizzuto. (4)

JOINT COMMITTEE ON OFFICIAL LANGUAGES

The Honourable Senators Davey, David, De Bané, Guay, Ottenheimer, Robichaud, Tremblay and Wood. (8)

Your Committee recommends that the Messages sent to the House of Commons informing the House of the names of the Honourable Senators appointed to serve on the part of the Senate on the Joint Committee on Scrutiny of Regulations and the Joint Committee on Official Languages be as contained in this Report.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be now adopted.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

FISHERIES

MOTION TO AUTHORIZE COMMITTEE TO STUDY FISH MARKETING IN CANADA—DEBATE ADJOURNED

Hon. Norbert L. Thériault: Honourable senators, on behalf of Senator Marshall and notwithstanding rule 45(1)(e), I move:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee report no later than October 31, 1989.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*English*]

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I missed part of the motion. May I see a copy of it?

The Hon. the Acting Speaker: Please give Senator Doody a copy.

Senator Doody: Isn't this the ongoing study?

Senator Thériault: Yes, it is.

Senator Doody: Honourable senators, I would prefer that this matter be adjourned until the next sitting of the Senate so that we shall all have an opportunity to examine the motion and see exactly what is entailed. In the meantime the committee can have its organizational meeting and prepare itself.

I do not think this matter is so urgent that it needs to be passed today; some senators might wish to have an opportunity to see what it is all about and perhaps comment on it at the next sitting of the Senate.

Senator Thériault: Honourable senators, the chairman of the committee, Senator Marshall, is anxious to get this committee started, because the report should have been completed before the dissolution of the last Parliament. Unfortunately, that report was not completed and, as everyone knows, many things have happened with respect to the fishing industry since that time. Therefore, Senator Marshall asked me to move this motion today, and I assumed that he had cleared it with the Deputy Leader of the Government. Having said that, I hope honourable senators will accept this motion.

Senator Doody: I appreciate the honourable senator's explanation, but I have not had any consultation with anyone on this matter nor have I heard anything about it. Therefore, I would prefer that the debate be adjourned.

On motion of Senator Doody, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 13th June, 1989, at two o'clock in the afternoon.

With the Senate's permission, I shall take just a moment to explain.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Doody: Honourable senators will no doubt recall that the last time we sat I spoke of the probability of our

[Senator Thériault.]

receiving the Borrowing Authority Bill from the other place for consideration by the Senate today. That bill did, indeed, find its way out of committee in the other place and has been received by the House for consideration at report stage. However, we have no guarantee that we shall receive the bill this week; indeed, it may not even get here in time for us to consider it during the next several days. Therefore, honourable senators, rather than just sitting around waiting for that particular piece of legislation, I move that we adjourn until next Tuesday.

In the meantime, I know that some of the committees have a busy schedule this week. For instance, I know that the Standing Senate Committee on National Finance has meetings scheduled for tomorrow afternoon, tomorrow evening and Thursday morning to consider legislation that is before it. Also, I understand that there are other committees that will be meeting this week. I would therefore commend to them their work and suggest that this chamber adjourn until Tuesday next.

Hon. Earl A. Hastings: Can the Deputy Leader of the Government give any assurance that the Borrowing Authority Bill will be before us next week?

Senator Doody: I can give the honourable senator the assurance that the government would love to have the Borrowing Authority Bill before the Senate. He might consult with his friends in the other place and tell us whether or not we shall have it here by that time.

Motion agreed to.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA

Hon. H.A. Olson: Honourable senators, I wonder if the Leader of the Government can give us an updated report on the situation in China as it affects China's economic activity with Canada? I am not asking for a report on all the events that have been outlined in the news: the brutality, the threat of civil war and so on. There has not, however, been anything in the news recently about what has happened to our economic and commercial relations with China. Perhaps the Leader of the Government could tell us whether there has been any suspension or interruption in that regard.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, since 1981 Canada has encouraged the economic reforms that have been taking place in China, and we certainly hope that the present situation will not interrupt those economic reforms, which, we believe, hold promise for great economic progress in that country.

So far as Canadians are concerned, there are, I believe, some 300 Canadians in the Beijing area and some 300 Canadians elsewhere in China. I am informed that an aircraft from Canadian International Airlines will be in Beijing later today, our time, to evacuate some of the Canadians who are there and that a Canadian armed forces aircraft will be in China shortly thereafter for the same purpose. The Secretary of State for External Affairs advises that we are concentrating on evacuating dependants at the moment and that Canadian embassy staff will be remaining in Beijing at least for the present.

Senator Olson: Honourable senators, does the Leader of the Government have any information on whether there has been, as I said, a suspension of or an interruption in the regular commercial activity between Canada and China? The honourable senator will realize, of course, that this activity has grown very significantly in the last few years. I would like to know whether it has come to a halt.

Senator Murray: Honourable senators, it is too early to make any definitive statement on that matter. The political situation in China is, of course, unclear, to put it mildly, but I do not have an up-to-date report on our commercial relations with or activities in that country.

POLITICAL SITUATION—EFFECT ON CANADIAN GRAIN SALES TO CHINA

Hon. Sidney L. Buckwold: Honourable senators, I have a supplementary question for the Leader of the Government. Some of us in western Canada are concerned about the possible commercial repercussions here of the actions in China, which, I am sure, have horrified all of us. We are worried particularly about the immense contracts for western grain to be delivered to China. China is our largest customer for western grain. It would be a terrible blow to western Canada were anything to happen to contracts to provide grain to that country. I would hope that in any discussion involving possible economic sanctions, or any kind of boycott, or, as we sometimes hear, "cessation of trade relations," the interests of western farmers will also be considered.

● (1410)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): I appreciate the point that has been made by the honourable senator, but it would be quite premature at this stage to hypothesize that Canadian grain exports will be affected or, indeed, that it will be necessary for the Government of Canada to take any form of economic sanctions towards the regime in China.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—PSYCHOLOGICAL AND ECONOMIC CONSEQUENCES—CURRENT GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Has the Leader of the Government in the Senate heard any further word concerning the closure of the Canadian Forces Base at Summerside?

Is he aware that the Prime Minister of Canada received a letter from the clergy of the Summerside area detailing how this decision is affecting the social lives of the people in the area and destroying their mental stability because they fear the ramifications of losing their jobs?

It is my understanding that a letter was sent to the Prime Minister stating that we are losing our vision of Canada because the federal government, which has traditionally been concerned with regional disparity, has announced a policy that only takes from but provides nothing for the people. The letter stated that this decision creates further disparity and gives no hope for the future.

Can the Leader of the Government advise whether the Government of Canada has reconsidered its decision with regard to Canadian Forces Base Summerside?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I believe I indicated on a previous occasion, the decision is final; the base will be phased out.

I am not aware of a letter from the clergy of the area to the Prime Minister.

In any case, the efforts of the government are now directed towards alleviating, so far as possible, the economic impact of the base closure on the Summerside area. In that connection, the lead responsibility is with the Minister of Employment and Immigration, Mrs. McDougall, who, as you know, has under her administration a number of programs relating not just to individuals who are affected but also to communities that are affected by this kind of economic dislocation.

We expect to be working closely with the provincial government in Prince Edward Island to ensure that all of the present government programs that are available are brought to bear to alleviate the economic dislocation and to promote economic development in the area.

Senator Bonnell: Does the Leader of the Government in the Senate realize that most of his counterparts in the legislature in the province of Prince Edward Island lost their seats on May 29 and that they all blame it on the decision of the federal government to close the base at Summerside? They blame the Prime Minister of Canada for their defeat. Is the Leader of the Government aware whether those types of supporting comments from provincial counterparts might prompt the Prime Minister to reconsider his decision to close the base? Would he at least support his own party in that province?

Senator Murray: Honourable senators, this has never been a partisan issue. The honourable senator understands the overriding financial imperative that requires us to reduce the growth of the national debt and to reduce the deficit.

The Department of National Defence was required to play its part in that fiscal exercise and the decisions on which bases to close or to cut back were made, as I told the house on an earlier occasion, on the basis of military and defence priorities.

Senator Bonnell: Honourable senators, I have a third question. Doesn't the Government of Canada look at the military

defence priorities and at the economies of the regions of this country from the Atlantic to the Pacific to see that each region gets its fair share, whether it be Prince Edward Island, Newfoundland, British Columbia or Ontario?

When you expand Petawawa to put all these extra troops in that area, it will cost more money for buildings and construction while, at the same time, buildings will be empty in Summerside. There is no saving of any money there. You are also spending \$15 million to put in a new mess where there will be no one to eat in the mess. You are spending \$8 million to put in a new guardhouse where there will be no one to guard. You are spending millions of dollars to buy new dinghies, but there will be no one to take them out to sea. I do not understand your priority of saving money. I could tell the government how to save the money without closing Summerside.

Senator Murray: Honourable senators, it has always been the case that we try to give due regard to regional development considerations. However, the honourable senator will understand that, when it comes to expenditures of defence dollars, and especially when it comes to devoting scarce financial resources to priority needs, it is defence and military priorities that must come first.

DELAYED ANSWERS TO ORAL QUESTIONS

HEALTH AND WELFARE

THALIDOMIDE VICTIMS AND AIDS-AFFLICTED HEMOPHILIACS— GOVERNMENT POSITION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Haidasz respecting Health and Welfare—Thalidomide Victims and AIDS-Afflicted Hemophiliacs—Government Position.

(The answer follows:)

The federal government is giving very serious consideration to these requests on behalf of thalidomide victims and HIV-infected blood transfusion recipients.

Each group has unique concerns and needs, and the government is very aware of these. In its approach, the government is seeking a response that is fair and equitable to all. No decision has yet been made, but the issue is receiving the Minister of National Health and Welfare's full and earnest attention.

HEALTH

THE SENATE—ANTI-SMOKING REGULATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Haidasz respecting Health—The Senate—Anti-smoking Regulations.

[Senator Bonnell.]

(The answer follows:)

It is understood that proposals concerning a policy on smoking in the Senate precinct will be considered at a future meeting of the Committee on Internal Economy, Budgets and Administration.

[Translation]

QUESTIONS OF PRIVILEGE

Hon. Pietro Rizzuto: Honourable senators, I wish to inform you that the references to me that appeared in an article published last Saturday in *Le Devoir* and written by Louis-Gilles Francoeur were incorrect.

I would like to point out that Antonio Rizzuto is not my son but my brother, that Corival is not my company and that I am only one of several shareholders.

The article states that Corival operates a quarry in Laval in an area zoned as farmland and that Corival was also involved in what could be referred to as the Laval rezoning affair, and furthermore, that construction materials were unlawfully dumped on land belonging to the city of Laval.

I checked with Mr. Guillaume de Paoli, vice-president of Corival, and here is an extract from the report he sent me:

1. Corival was operating well before the 1978 legislation on farmland zoning.

Before setting up and operating the quarry, our company obtained all the necessary permits.

2. All the land owned by Corival was acquired before 1975, which precludes any suggestion of speculative transactions in connection with the present debate on rezoning farmland in Laval.

3. We received a letter from the city of Laval informing us that it was accepting excavation material for land fill.

Contrary to what was reported by *Le Devoir*, we did not obtain coupons giving us access to the fill site in 1987 but in April 1988. When they arrived at the site, our truckers handed the city authorities a coupon and after it was checked, they were allowed to enter the site and dump the material according to instructions.

When a representative of the Environment Department advised us that the city of Laval had no authority to proceed with the land fill, we took the appropriate action and immediately stopped sending our trucks.

Subsequently, we obtained a refund from the city for the remaining coupons that could no longer be used.

At no time did our company believe it was acting unlawfully, since the city of Laval, a public body, was in charge of the operation.

Honourable senators, you will understand that this article tarnishes my reputation and that of individuals involved to a greater or lesser extent in these companies, I hope that *Le Devoir* will have the courtesy to set the record straight as soon as possible. If not, I shall be obliged to act accordingly.

Thank you ever so much for your close attention and for letting me give my version of the facts. I hope that journalist

Francoeur and *Le Devoir* will set the record straight. I hope that journalists will continue to be the people's watchdogs, but I hope that they will not become mad dogs in some cases and try to bite honest people who have absolutely nothing to do with *Le Devoir's* allegations. I strongly hope that *Le Devoir* will take the necessary action to safeguard the reputation of this newspaper, which has always been the pride of Québécois.

• (1420)

[English]

TOBACCO RESTRAINT ACT

TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Stanley Haidasz moved the second reading of Bill S-6, to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.

He said: Honourable senators, Bill S-6 is the third bill that I have proposed in the Senate in the past three years to control tobacco smoking. We live in a society that values life. We work to protect it; we strive to enhance it; we spend, annually, \$46 billion on our national health system to treat our illnesses or to maintain our health; nevertheless, last year tobacco smoking in Canada killed 35,000 people, in spite of the various efforts by the federal, provincial and municipal governments and other bodies. It looks as if we are losing the battle.

However, we should not give up our efforts. We have the opportunity, as legislators, to do more than we have done in the past. The statistics that we read today are very alarming. Recently we have heard that smoke-related lung cancer is the No. 1 killer of women in Canada, having surpassed breast cancer. We have also learned from recent statistics that 330 non-smokers die each year in Canada from lung cancer caused by exposure to second-hand smoke wherever it occurs, whether in the workplace or otherwise.

What is even more frightening, honourable senators, is that the majority of people who smoke begin this destructive habit before the age of 18; that is, before they can vote, before they are considered adults, before they can drive and, in some cases, before they enter high school. This is not just the experimental "sneak a cigarette in the washroom at school" variety.

The Canadian Cancer Society published another revealing statistic, that 10,000 Canadians 15 years of age and younger contract the awful habit of cigarette smoking. Another recent study, entitled "Preventing the Sale of Tobacco to Minors", lays out other facts. That study, which was proposed by a group of health organizations, tells us that in 1985 11 per cent of Canadian grade 7 students and 26 per cent of grade 10 students smoked daily.

A 1986 Gallup Poll determined the following: among 12- to 17-year olds, 19.5 per cent admitted that they had smoked an average of 14 cigarettes daily. In a group of smokers between the ages of 12 and 29, 37.4 per cent tried their first cigarette at the age of 12 years of age or younger and 29.3 per cent smoked their first cigarette between the ages of 13 and 14. Of

this group of 12- to 29-year olds, 8.6 per cent first started smoking daily at the age of 12 years or younger and 21.9 per cent at the age of 13 to 14 years. As the Non-Smokers' Rights Association recently reported:

• (1430)

The tobacco market to Canadian children and adolescents has been identified as a \$250 million plus market annually. This industry would have (us) believe that it has no interest in a market of this size; that peer group pressure and parental modelling diminish the importance of advertising and promotion in the onset of smoking among minors.

We have, however, the sad situation where children—many children—are smoking. It is estimated that 200,000 minors join the tobacco market each year in Canada. The tobacco industry knows that and, of course, the industry encourages it. I hope that the Tobacco Products Control Act, which we passed in this chamber only last year, will go a long way towards changing the attitudes of minors by eliminating the advertising that has set the glamorous image of smoking in their minds.

Unfortunately, that act is only one step and its implementation is slow in coming. We still have television programs and movies that feature young, attractive, socially popular and accepted individuals smoking. We still have the prevailing sentiment among minors that it is "cool" to be seen with a cigarette in your hand. I hope, with time, that that image will be reversed. But, above all, I hope that the lack of knowledge about the implications of smoking will be reversed.

The hazards of smoking are clear, if not well disseminated. Last year the U.S. Surgeon General declared nicotine to be a powerfully addictive drug—as addictive as heroine and cocaine. Furthermore, tobacco is the leading cause of preventable ill health and premature death in Canada. Tobacco smoking is the cause of 40 per cent of cancers occurring in Canada, yet most Canadians, regardless of their age, are not fully aware of these and other facts.

Still greater public education on the dangers of smoking is necessary and more effective legislation is needed. But what I would like to address specifically here today concerns minors, since they are the most vulnerable group of our society when it comes to beginning the smoking habit. They are the ones who fall for the sophisticated marketing or the so-called "lures" of smoking. We must protect them. Clearly, as these statistics lead us to conclude, it is far too easy for youths to obtain cigarettes.

The laws on the sale of tobacco products vary from province to province. In Saskatchewan and Newfoundland, for instance, the minimum age for purchasing tobacco is 16. I believe all of these restrictions are inadequate. Therefore, honourable senators, I would urge that the Tobacco Restraint Act be changed to raise the minimum legal age for purchasing tobacco from 16 to 18.

If we are to crack down effectively on the sale of tobacco to minors, we must have a uniform minimum legal age of at least

18 across Canada. The chequerboard approach taken towards the legal age for purchasing tobacco—some provinces prohibiting those under 18 from legally purchasing tobacco and others allowing 16- and 17-year olds to do so—is, at the least, counterproductive. It indicates a lack of united will, a lack of united concern for the health of our citizens, particularly of our young citizens. It does not take a rocket scientist to recognize such scenarios as that of a 16-year old in Saskatchewan buying cigarettes for all of his 15- and 14-year old friends and fellow classmates.

Honourable senators, I therefore urge provinces like Saskatchewan and Newfoundland, with a minimum age of 16, to prohibit the legal purchase of tobacco until the age of 18, at the very least. That is the least we legislators can do to indicate to our youth that we take tobacco sales very seriously.

Clearly, changing the laws on the books is not by itself going to dissuade youths from smoking. Once we raise the age to 18, we must make minors aware of the law. Regulations should be put in place to make mandatory the posting of large signs in prominent places by vendors who sell tobacco products. I have seen stickers on the doors and counters of a few outlets in Ontario reminding minors of the law restricting the sale of tobacco to youths of a certain age. I applaud these vendors and I encourage them to continue in their conviction and vigilance. I also applaud the recent statement by the Canadian Medical Association urging Shoppers Drug Mart, with its chain of stores across Canada, to stop selling tobacco to minors.

I should like to bring to your attention an informal survey of 30 stores in Ottawa and Toronto that took place last summer. It was found that 25 of those stores were selling tobacco illegally to minors. Last September a law student in Toronto, together with other members of an association called the Student Movement Aimed at Restricting Tobacco, tested this further by sending a 16-year old into a drugstore to purchase cigarettes. I remind you that the legal age for purchasing tobacco is 18. The teenager was sold cigarettes in this drugstore on two separate occasions by two different cashiers. When the manager of the store was asked why this happened, he replied, "It was a set-up. That's all it was. Besides, there is no way I can ask everybody for identification. This is a busy place."

However, the law student behind this test felt it proved his association's point. He said, "... the law certainly isn't being enforced. We want to get new legislation to stop the sale of cigarettes to kids." And he added, "The laws that we have now are outdated. At present store owners have an economic incentive to disobey the law."

Honourable senators, the law student was referring to the ridiculously low fines levied, in this case in Ontario, on store

owners caught selling tobacco to minors. Under the Ontario law stores are fined a maximum of \$50 and a minimum of \$2 for such offences. Under the federal law a first offence carries a fine of \$10; for a second offence it is \$25; for a third and subsequent offence the fine is \$100.

The Student Movement Aimed at Restricting Tobacco is not alone in its assertion that the fines are too low. Mr. Alisdair McKichan, president of the Retail Council of Canada, said, "It is a fact that the law is not widely known, nor is it enforced in any consistent way."

Clearly, then, we have a challenge before us, a challenge to see that the federal Tobacco Restraint Act, which was passed in 1908, is updated, strengthened and enforced. In addition to raising the minimum legal age for purchasing tobacco to age 18 from age 16, I also propose the following.

First, raise the fines to vendors who break this law from \$10 to \$100 for a first offence; from \$25 to \$500 for a second offence; and, in the case of a third and subsequent offence, raise the fine from \$100 to \$1000.

Second, ban all cigarette vending machines, since there is essentially no means of preventing minors from purchasing cigarettes in this way, because there is no deterrent.

Third, increase the personal liability of minors who purchase tobacco products illegally by raising the penalties in subsection 4(1) of the Tobacco Restraint Act. In the case of a first offence, the current law requires only that the youth be reprimanded. That must be changed to a reprimand plus a \$50 fine. For a second offence, the present \$1 fine must be increased to \$100; for the third and subsequent offence, the fine should be raised from \$4 to \$500.

● (1440)

Honourable senators, I sincerely hope that we can create a greater public awareness of this very serious problem of smoking by our teenagers.

We in this chamber should consider it a challenge to dissuade minors from smoking. This is important not only for the health of our young now but also for the general health of Canadians in the future, since our young are our future. We must do all that we can to discourage this dangerous, nefarious practice of smoking by trying to implement the proposals I have outlined in Bill S-6. I hope that these proposals will help us to reach our goal.

Some Hon. Senators: Hear, hear!

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if no one else wishes to speak at this time, I will move the adjournment of the debate.

On motion of Senator Doody, debate adjourned.

The Senate adjourned until Tuesday, June 13, 1989, at 2 p.m.

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THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(2nd Session, 34th Parliament)

Tuesday, 6th June, 1989

GOVERNMENT BILLS
(HOUSE OF COMMONS)

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)

First reading, May 4, 1989. Second reading and referral to National Finance Committee, May 18.

BILL C-14

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990

First and second readings and referral to National Finance Committee, May 9, 1989. Report from Committee (with one amendment), adoption of Report and third reading, as amended, May 11. Message from Commons disagreeing with Senate amendment, May 15. Referral of Message to National Finance Committee, May 16. Report from Committee (the Senate does not insist on its amendment) and Royal Assent, May 17. *Chapter 1, 1989.*

GOVERNMENT BILLS

(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

SENATORS' PUBLIC BILLS

BILL S-3

An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons) (Senator Marshall)

First reading, May 15, 1989.

BILL S-4

An Act to amend the War Veterans Allowance Act (Residence in Canada) (Senator Marshall)

First reading, May 15, 1989.

BILL S-6

An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act (Senator Haidasz, P.C.)

First reading, May 18, 1989.

SENATORS' PRIVATE BILLS

BILL S-5

An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec (Senator Cogger)

First reading, May 18, 1989.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

WEDNESDAY, JUNE 7, 1989

NATIONAL FINANCE

256-S 3:00 p.m.

356-S 6:00 p.m.

The examination of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting)

THURSDAY, JUNE 8, 1989 (Cont.)

NATIONAL FINANCE

256-S 11:00 a.m.

The examination of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting)

FRIDAY, JUNE 9, 1989

TERRORISM AND PUBLIC SAFETY (Special)

520-Victoria building 8:30 a.m.
to 12:00 p.m.

Consideration of the Report of the Special Committee of the Senate on Terrorism and Public Safety, entitled: "Terrorism", tabled in the Senate on 10th August, 1987

THURSDAY, JUNE 8, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 20

OFFICIAL REPORT
(HANSARD)

Tuesday, June 13, 1989



THE HONOURABLE MARTIAL ASSELIN, P.C.
ACTING SPEAKER

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, June 13, 1989

The Senate met at 2 p.m., the Honourable Martial Asselin, Acting Speaker, in the Chair.

Prayers.

[Translation]

SCRUTINY OF REGULATIONS

REPORT OF JOINT COMMITTEE TABLED

Hon. Michel Cogger: Honourable senators, pursuant to Rule 84, I have the honour to table the report of expenses incurred by the Standing Joint Committee of the Senate and the House of Commons for the Scrutiny of Regulations in connection with its review and scrutiny of statutory instruments during the Second Session of the Thirty-third Parliament.

(The text of the report is in today's Minutes of the Proceedings of the Senate.)

FIRST REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Michel Cogger: Honourable senators, I have the honour to present the first report of the Standing Joint Committee for the Scrutiny of Regulations in relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22.

I ask that the report be printed as an appendix to the *Debates of the Senate* and *Minutes of Proceedings* of this day and form part of the permanent records of this house.

The Hon. the Speaker pro tempore: Is leave granted, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix, p. 299.)

The Hon. the Speaker pro tempore: When shall this report be taken into consideration, honourable senators?

On motion of Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SECOND REPORT OF JOINT COMMITTEE PRESENTED

Hon. Michel Cogger, Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations, presented the following report:

Tuesday, June 13, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

SECOND REPORT

In relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, your Committee recommends:

That the Standing Joint Committee for the Scrutiny of Regulations be authorized to travel to London, England to attend the Third Commonwealth Conference on Delegated Legislation from November 20 to November 23, 1989 and that the necessary staff accompany the Committee.

Respectfully submitted,

MICHEL COGGER
Joint Chairman

The Hon. the Speaker pro tempore: When shall this report be taken into consideration, honourable senators?

On motion of Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[English]

COMMITTEE OF SELECTION

FIFTH REPORT PRESENTED AND ADOPTED

Hon. Orville H. Phillips, Chairman of the Committee of Selection, presented the following report:

Tuesday, June 13, 1989

The Committee of Selection has the honour to present its

FIFTH REPORT

Pursuant to Rule 66(1)(b), your Committee submits herewith the list of Senators nominated by it to serve on the following select committees:

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

The Honourable Senators Argue, Barootes, Bielish, Fairbairn, Hays, *MacEachen (or Frith), Marchand, *Murray (or Doody), Olson, Riel, Rizzuto, Rossiter, Sherwood and Spivak. (12)

*Ex officio members.

SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Anderson, Atkins, Austin, Buckwold, Cogger, Davey, Kirby, Kolber, *MacEachen

(or Frith), *Murray (or Doody), Perrault, Poitras, Roblin and Simard. (12)

*Ex officio members.

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Honourable Senators Adams, Anderson, Balfour, Hastings, Hays, Kelly, Kenny, Lefebvre, *MacEachen (or Frith), *Murray (or Doody), Olson, Ottenheimer, Poitras and Roblin. (12)

*Ex officio members.

SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Beaudoin, Buckwold, Chaput-Rolland, Doyle, Fairbairn, Flynn, Gigantès, Hébert, Lewis, *MacEachen (or Frith), *Murray (or Doody), Neiman, Nurgitz and Stanbury. (12)

*Ex officio members.

SENATE COMMITTEE ON SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

The Honourable Senators Austin, Bonnell, David, Doyle, Gigantès, Haidasz, Hébert, Kirby, *MacEachen (or Frith), Marsden, Marshall, *Murray (or Doody), Robertson and Tremblay. (12)

*Ex officio members.

Respectfully submitted,

ORVILLE H. PHILLIPS
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Phillips: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that the report be now adopted.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

FISHERIES

FIRST REPORT OF COMMITTEE TABLED

Hon. Jack Marshall: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Fisheries concerning the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

[Senator Phillips]

(For text of report, see today's Minutes of the Proceedings of the Senate.)

TRANSPORT AND COMMUNICATIONS

FIRST REPORT OF COMMITTEE TABLED

Hon. Finlay MacDonald: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Transport and Communications concerning the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING) REPORT OF COMMITTEE

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Tuesday, June 13, 1989

The Standing Senate Committee on National Finance has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-7, An Act to amend the Criminal Code (pari-mutuel betting), has, in obedience to the Order of Reference of Thursday, May 18, 1989, examined the said Bill and now reports the same without amendment.

Your Committee however, makes the following recommendation:

After twenty years of government participation in legalized gambling, a federal commission, task force or other body be appointed by the government:

(a) to investigate gambling in Canada including its ethical dimensions;

(b) to examine the future of lotteries, casino gambling, offtrack and teletheatre wagering, and other forms of betting; and

(c) to undertake a study of the costs to the public of the administration of government and of the justice system, and of the potential for crime in the gambling industry, both as operated by governments and by private interests.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Beaudoin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[English]

NAMIBIA

CURRENT SITUATION—NOTICE OF INQUIRY

Hon. B. Alasdair Graham: Honourable senators, with leave of the Senate and notwithstanding rule 44(2), I give notice that later this day I will call the attention of the Senate to the situation in Namibia.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[Translation]

FEDERAL ELECTION, 1988

THIRD PARTY ADVERTISING—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Tuesday next, June 20, 1989, I will call the attention of the Senate to third-party advertising during the last federal election.

[English]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 20th June, 1989, at two o'clock in the afternoon.

If it is the wish of honourable senators, I will take a moment to explain.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Doody: Honourable senators, I have to report that, despite our hopes of last week, the expected Bill C-11, to provide borrowing authority, has not yet cleared the other place. It has reached third reading stage and debate upon the bill will be continued in the House tomorrow. Thursday is another opposition day in the other place so, although there is some chance of receiving the bill, it is insufficient to warrant asking senators to stay here for the rest of this week in anticipation of that bill.

Bill C-2, to establish the Transportation Accident Investigation Board, has reached the report stage in the other place. It will not likely arrive here for our consideration this week. We may receive several other bills next week, but certainly not this week.

Therefore, honourable senators, I think it would be wise if we were to follow the same course of action we have had to follow during the past several weeks, and that is to adjourn

today to come back on Tuesday next in anticipation of the arrival of those pieces of legislation. I realize that this is a difficult way to carry on the business of the Senate, but, unfortunately, it is the only option we have open to us at this time. We are fast approaching the end of this part of the session and I would be hesitant not to call senators back when there is so little time for us to debate the bills that will be coming before us.

With a little more confidence this day than I had at this time last week, I then commend to the Senate the study of Bill C-11 when we return on Tuesday.

● (1410)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as Senator Doody has noted, although we are not getting much help from the weather, it is June. In Canadian legislative terms, that means that we are getting close to what would normally be a summer adjournment.

Senator Doody and I have been talking about the potential problem of a legislative jam-up towards the end of this month, resulting in pressure on the Senate not to give the legislation the attention that it deserves because of the need to hurry the consideration in order to meet a deadline that is imposed by the rules in the other place. I believe that Senator Doody has been telling his colleagues, as I have been telling mine, that we, the Senate, do not intend to shorten unduly our consideration of any legislation that comes simply because of the date of June 30 arriving, a date that has been established as a normal adjournment date by the rules of the other place.

I support what Senator Doody has said in support of his motion. I think it is the only reasonable thing to do under the circumstances; so I do not want what I am saying to be taken as complaining about that. However, we should make it very clear now that we will give the legislation that comes to us the same care and expeditious—but not abnormally expeditious—attention that it deserves. If necessary, we will be ready to sit in July in order to fulfil our legislative responsibilities, or, where appropriate, deal with the legislation in the fall.

Senator Doody: I thank Senator Frith for his comments. Someone was kind enough to call my attention to committees, and I should have mentioned that the normal committee duties of the Senate will carry on. The fact that the Senate is not sitting as a body in no way denies the committees their right to meet; indeed, we encourage them to do so.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Finlay MacDonald, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Transport and Communications have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and

consideration of such bills, subject-matters of bills and estimates as are referred to it.

Motion agreed to.

RULES OF THE SENATE

AMENDMENT OF RULES 5(b) AND 67—NOTICE OF MOTION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I give notice that at the next sitting of the Senate I will move:

1. That rule 5(b) of the Senate Rules be amended to include "legislative" in the definition of "committee". The new rule 5(b) would consequently read:

"committee" means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee.

2. That rule 67(2) be amended to remove the words "which does not fall within the subject matters assigned to a standing committee under subsection (1)." The new rule 67(2) would consequently read:

Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee.

3. That the following subsection be added to rule 67:

(3) A legislative committee shall be composed of not more than twelve members.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND COMMERCIAL RELATIONS WITH CANADA—SIGNIFICANCE OF RECALLING CANADIAN AMBASSADOR FOR CONSULTATIONS—STATUS OF LONG-TERM CANADIAN GRAIN SALES AGREEMENT

Hon. H.A. Olson: Honourable senators, I should like to put the same question to the Leader of the Government as I put last week. I should like to ask him whether there has been an interruption or suspension of our commercial trade relations with China. At the time he replied that it was too early to make any comments on whether there had been any suspension or interruption.

The Canadian government has decided to recall our ambassador. He is coming to Ottawa today. That could have several different meanings so far as the government's intent is concerned. Could the Leader of the Government give us some indication of what the situation is, because a great many people in the part of Canada I come from are keenly interested in whether or not anything will interrupt or suspend our grain sales. Furthermore, a number of gas and oil development contracts are also outstanding in various parts of China. Could the Leader of the Government tell us about those, too?

[Senator MacDonald]

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, as I reported to the Senate last week, there is no question of Canada's suspending current grain sales to the People's Republic of China. The full range of our bilateral programs is currently under review, as are our policies, including such matters as Export Development Corporation lines of credit. These matters are now under review.

As the honourable senator has correctly noted, Ambassador Drake has been recalled for consultations and will be here for a week or ten days, during which time a national round table is being planned for the purpose of bringing together a select group of business leaders, academics and representatives of the Chinese, Canadian and other interested communities to discuss the situation in China and the Canadian response to it.

Senator Olson: Honourable senators, I have a supplementary question.

Could the Leader of the Government in the Senate give us a more specific indication of the significance of the ten-day period? I heard previously that the ambassador intended to be here for about ten days, after which he would be going back to Beijing. A different interpretation is put on that than simply recalling our ambassador for these kinds of reasons.

I would like to ask another question—because I do not know how else to get the answer—and that is whether or not there is an outstanding or current long-term agreement with China respecting grain sales. Is there one that has a year or more to run, or is it a matter for renegotiation now? The fact is that I do not know. We used to negotiate these agreements every three years, but I do not know where it stands at the moment. I would appreciate the Leader of the Government's obtaining that information for us.

Senator Murray: Honourable senators, I shall have to make inquiries.

POLITICAL SITUATION—EFFECT ON BILATERAL EXCHANGES—REQUEST FOR REPORT ON CANADIAN AMBASSADOR'S VIEWS

Hon. Jeremiah S. Grafstein: Honourable senators, I also have a supplementary question for the Leader of the Government in the Senate on the question of China. The recent events in China are obviously of great concern to all Canadians. Those of us who have spent time in China recently and established personal ties view the situation in a grave and serious manner. However, in light of the Right Honourable Joe Clark's statement on June 5, would the government not consider it counterproductive to cancel visits which might be planned for Chinese officials and others to come to Canada, because these are obviously good opportunities for Canadians to express their concerns about events in China? Otherwise, the government, by foreclosing such visits and exchanges, might find that it is foreclosing these very narrow channels and, thereby, giving those elements in the Chinese government an excuse to lower the "Lacquer Curtain" and further foreclose public and private exchanges of a bilateral nature between our two countries.

● (1420)

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I appreciate the point made by the honourable senator, and I do want to make a distinction between steps that are taken to cancel planned meetings and the like and the imposition of permanent sanctions, which we think would be rather premature. I may say that similar actions to those taken by Canada a week or so ago with regard to visits and planned meetings with Chinese delegations have since that time been taken as well by the European Community and just about every western country.

Senator Grafstein: Honourable senators, I should like to remind the Leader of the Government in the Senate that Canada established early relations with China in a way that was unique, certainly on this continent and in Europe, and I would hope that these recent events will be viewed with a great degree of care and caution in order to ensure that the long-standing relationship with China is not prejudiced.

Senator Murray: Honourable senators, once again, I appreciate the point made by the honourable senator, but it is at least equally important that the Government of Canada and the governments of other western countries, on behalf of the people of their countries, express their outrage at what has been happening in China and the oppressive measures that are being taken by the Chinese regime against their own people.

Senator Grafstein: Honourable senators, I would ask the Leader of the Government to advise the Senate immediately upon being briefed by the Canadian Ambassador to China so that we can be apprised of his views on recent events in China.

Senator Murray: Honourable senators, I shall do so.

INDIAN AFFAIRS

SETTLEMENT OF LAND CLAIMS—REQUEST FOR NEGOTIATIONS

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government. On Friday last the British Columbia Court of Appeal upheld an injunction against logging in the Babine Lake area of northwestern British Columbia pending the settlement of Indian land claims in the area. That led to a most commendable comment by the Minister of State for Indian Affairs and Northern Development, the Honourable Kim Campbell, who said that the government, not the courts, should decide the issue of Indian land claims. I hope that that is the policy of the government.

I should like to ask the government leader, in his role as Minister of State for Federal-Provincial Relations, whether he intends to make a renewed effort to take these land claim settlements out of the courts to bring them back to the level of political negotiations; in particular, whether he intends to do so with regard to the Province of British Columbia and, again in particular, whether he would target in this way the long-standing negotiations between the Government of Canada and the Nishga, which have gone nowhere for many years.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, that is a very large question and one that I would want to reflect upon before giving a definitive response.

Senator Argue: Bring in a very large answer!

Senator Austin: Honourable senators, I take it that the minister does not disagree with the Honourable Kim Campbell, that negotiation is the way to deal with these issues, rather than leaving them to the courts.

Senator Murray: I do not disagree with my colleague.

THE ENVIRONMENT

GLOBAL INTERDEPENDENCE AS AGENDA ITEM AT SUMMIT MEETING

Hon. Jack Austin: Honourable senators, I have a question on another subject. President Bush has now come clean with a proposed amendment program to the Clean Air Act in the United States. This is a development to which one would want not to object but to offer encouragement.

Can the Leader of the Government in the Senate advise us whether, at the upcoming summit meeting of leaders, the question of the global interdependence of the environment is on the agenda, or, if it is not, whether the Prime Minister will be seeking to put that issue on the agenda?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I can assure my honourable friend that environmental questions will occupy a very prominent place on the agenda of the summit of the leaders of the western industrialized countries, which will be held within the coming weeks.

[Translation]

AIR POLLUTION ON PARLIAMENT HILL—PRIME MINISTER'S LIMOUSINE CORTÈGE

Hon. Azellus Denis: Honourable senators, I have a question for the Leader of the Government in the Senate. I don't want to imply that the Leader of the Government in the Senate has no influence with the Prime Minister but he may recall that I had a request he seemed to appreciate. It was to stop the engines of the Prime Minister's limousine cortège parked next door from running constantly, because they are a source of pollution.

I wonder whether the Leader of the Government in the Senate could make new representations to those in charge of the Prime Minister's office and ask the Prime Minister to at least follow the example of the president of the United States with respect to acid rain and order the drivers of the cars in the cortège to turn off their engines, because this summer the pollution index will be very high.

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, I am told that the problem is linked to the limousines' communications system. The reason has to do with security.

In any case, I will make further queries. I will try to table a more formal report very shortly.

Senator Denis: Honourable senators, I have another question. Do you really think that the engines should be running constantly for the sake of security? Couldn't the engines be turned off for ten or fifteen minutes? Do the engines of all the limousines in the cortège have to be running constantly? If the purpose is to protect our Prime Minister, one vehicle with its engine running should be enough.

Senator Murray: Honourable senators, I am not an expert in the field. I will repeat what I was told: The communications system between the limousines is in some way connected to the engine.

I will do my best to get a more detailed report for the honourable senator.

Senator Denis: Honourable senators, if the Government behaved better, the Prime Minister would be less at risk.

Hon. Philippe Deane Gigantès: Honourable senators, if my honourable colleagues will allow me, I would like to inform the Leader of the Government that a device exists that has been around for some time. It is called a battery, and saves energy and could be used for the communications system without the engines having to run.

Senator Murray: I want to thank my colleague for his suggestion.

[English]

Senator Argue: Try wind power!

TURKS AND CAICOS ISLANDS

STATUS OF REPORT—REQUEST FOR COPY

Hon. Joseph-Philippe Guay: Honourable senators, early last fall the Government of Canada saw fit to give a sizeable grant to the ex-member of Parliament for Winnipeg South to make a study of the land in the sun, the Turks and Caicos Islands. I should like to ask the Leader of the Government in the Senate whether a report has been prepared, and, if not, when the government expects to get a report on his findings.

● (1430)

I would also ask the Leader of the Government in the Senate to present a copy of his report to us here in the Senate so that we may know how beautiful the island is, together with the rest of the items contained in that report. I think all of us would be most interested in seeing such a report.

One of my colleagues seated nearby is also asking if the Leader of the Government has spent all of the money; if not, perhaps the balance could be applied to the deficit.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall make inquiries on all of those matters.

[Senator Murray.]

THE ENVIRONMENT

STORAGE OF PCBs—EXEMPTION OF CERTAIN PROVINCES FROM INTERIM ORDERS—INSPECTION OF SITES—REQUEST FOR CLARIFICATION OF DELAYED ANSWER

Hon. Colin Kenny: Honourable senators, on May 30 of this year the Deputy Leader of the Government in the Senate presented delayed answers provided by the Minister of the Environment to questions I had asked earlier. However, the department did not, in fact, address my questions.

On May 16 of this year my question to the Leader of the Government in the Senate was: Why were nine out of ten provinces exempted from federal PCB storage regulations, despite a clear lack of equivalent provincial regulations? The delayed answer on May 30 stated that Newfoundland, New Brunswick and British Columbia did have regulations, and the latter province also had an enforcement capability.

My question is: Will the government table the documents which show that all nine provinces have both comparable requirements and the capability to enforce them?

Likewise, on May 16 I asked the question: Have all 2,300 federal and provincial storage sites, containing a total of 4.1 million litres of hazardous waste, been inspected to see whether they comply with the interim order provisions? On May 30 the delayed answer was that the federal government had completed the inspection of all federal sites and the provinces had implemented a similar program for non-federal sites.

My question now is: What are the results of those inspections? How many sites have not met the storage criteria, and what is being done about them?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a further report from my colleague, the Minister of the Environment.

ANSWERS TO ORDER PAPER QUESTIONS PUBLIC WORKS

STEPHENVILLE, NEWFOUNDLAND AIRPORT SERVICES BUILDING

Question No. 11 on the order paper—By **Hon. Jack Marshall:**

17th April, 1989—Concerning the planned combined services building at the airport in Stephenville, Newfoundland, (a) has Public Works Canada engaged the services of consultants to provide a topographical survey, which was to have been completed by January 1989; (b) has Public Works Canada engaged the services of consultants to complete a geo-technical survey; and (c) have the consultants' terms of reference for the preliminary design and class "B" estimate been completed?

Reply by the Minister of Public Works:

(a) Yes. The firm Fabax Limited, St. Georges, Newfoundland, has been engaged. Because of the lateness of the award and bad weather, the firm was allowed to delay the survey until the first good weather of spring.

(b) No. Testing and analysis have been done with in-house staff, and Geodrilling Limited was engaged for the drilling only.

(c) Terms of reference are now ready in draft form. A consultant firm is to be hired in June 1989, and class "B" estimates completed by the end of October 1989.

PUBLIC WORKS

UNITED NATIONS PEACEKEEPING FORCES—MONUMENT TO CANADIAN PARTICIPANTS

Question No. 13 on the order paper—By **Hon. Jack Marshall**:

2nd May, 1989—1. Has the Government of Canada approached the National Capital Commission and Public Works Canada to provide a site for a statue commemorating the 80,000 Canadian troops who have served with the United Nations peacekeeping forces?

2. What are the details of planning to date?

Reply by the Minister of Public Works:

Although the site for a statue to commemorate Canada's peacekeepers has not yet been discussed, a Peacekeeping Monument Committee has been formed with representatives of the National Capital Commission, Public Works Canada and various sections of National Defence.

The committee is chaired by Vice-Admiral H.M.D. MacNeil, Deputy Chief of the Defence Staff. The committee will determine the site, scale and nature of the monument as well as selecting a sculptor and overseeing production. It is expected that this project will take 3 to 4 years to complete.

A project director, who will be responsible to the committee chairman, will be named shortly.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

MANITOBA NORTHERN FLOOD AGREEMENT

Question No. 15 on the order paper—By **Hon. Gildas L. Molgat**:

2nd May, 1989—With reference to the Northern Flood Agreement in Manitoba, (a) when did the Federal Government agree to participate; (b) with whom did the Federal Government negotiate this agreement; (c) were the native people directly involved in the negotiations; (d) what financial participation did the Federal Government accept; (e) how much has been paid out by the Federal Government each year since the beginning of the agreement; (f) to whom has the money been paid; and (g) what was the reason for federal involvement in this provincial matter?

Reply by the Minister of Indian Affairs and Northern Development:

(a) The Manitoba Northern Flood Agreement deals with the impacts of hydro development on five bands in

Northern Manitoba. After a prolonged period (1972-1977) of study and negotiations, the parties concerned signed the Agreement on December 16, 1977.

The Agreement sets out principles and obligations concerning compensation to the five bands for the loss of use of their reserve land by expropriation and other adverse effects arising from the hydro development. As not all the implications were known at the time of signing the Agreement, it has many uncertainties in the wording and deals with complex jurisdictional issues on environmental matters both on and off reserve lands which require interpretation and negotiation.

(b) The Northern Flood Agreement (NFA) was signed by the Province of Manitoba, Manitoba Hydro, the Northern Flood Committee Inc. (NFC) (representing the five Indian Bands of Nelson House, York Landing, Norway House, Split Lake and York Factory) and Canada.

(c) Yes, in April 1974, the five Indian communities formed the NFC to represent their interests. The NFC was an active party in negotiations leading up to the signing of the NFA. Also, the Agreement was reviewed and ratified by each band subsequently.

(d) Under Article 6 of the Agreement, Canada accepted responsibility "to ensure continuous availability of a potable water supply on each of the reserves". In fulfilment of this obligation, the Department of Indian Affairs and Northern Development (DIAND), in March 1988, signed an \$88.5 million agreement with the NFA bands which will see an Indian owned and operated company construct water and sewage treatment systems in the communities. This Agreement was ratified in exchange for a twenty-year release of liability against Canada in relation to non-performance of Article 6. The responsibilities beyond 20 years are limited to normal programs. Canada has also participated in a number of other provisions of the Agreement including employment, cultural centres, planning and environmental monitoring.

(e) In total, since the Agreement was executed, the Government of Canada has provided approximately \$34.6 million to the end of 1987-88. In addition, Canada has provided to the NFC \$12.5 million since 1977 to support their actions against the other two parties. The funds were used for such things as organizational development, studies, legal costs and negotiation dollars.

(f) The expenditures were made to the NFC on behalf of the five Northern Flood Agreement bands. Canada signed and ratified the Agreement pursuant to Orders in Council, in accordance with Section 35 of the *Indian Act* which allows Canada to transfer Indian lands to a "province, authority or corporation" subject to terms that may be prescribed by the Governor in Council. The terms prescribed by Canada are set out in the Agreement.

(g) The federal government is responsible under section 35 of the *Indian Act* for authorizing the taking by

Manitoba Hydro of the reserve lands it required for the project, and to ensure fair compensation for the Indian bands affected.

[Translation]

WAR VETERANS ALLOWANCE ACT

BILLS TO AMEND—SPEAKER'S RULING

The Hon. the Acting Speaker: Honourable senators, on May 18 this year, Senator Doody commented that Bills S-3 and S-4 are private members' bills and asked the Chair to decide whether "they are in an order and form suitable for the Senate to consider". He said at the time: "I do not know if there are many implications in this or whether it is even within the Senate's purview to consider such bills, but perhaps the Chair could take them into consideration and give us a ruling at a later date".

The Chair has carefully examined Bills S-2 and S-4 and has concluded that both bills have financial implications.

The main purpose of Bill S-3 is to amend the War Veterans Allowance Act, in Order to reduce the age at which a male person becomes entitled to an allowance from 60 to 55, thereby making the age requirement the same for both men and women. The purpose of Bill S-4 is to amend the War Veterans Allowance Act in order to remove the requirement that persons eligible under the Act be resident in Canada.

One bill is aimed at amending the legislation in order to equalize the age requirement by reducing the requirement for men, thus creating an increased need for funds to deal with the greater number of eligible recipients; as for the other bill, its purpose is to amend the Act in order to remove the Canadian residence requirement, thus increasing the number of eligible recipients.

In the Chair's view, it is clear that both bills impinge on the financial prerogative of the Crown. Erskine May, 20th Edition, says at page 766.

The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication to which the royal demand or recommendation is attached must be treated as laying down *once for all* (unless withdrawn and replaced) not only the maximum amount of a charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications, expressed in the communication by which the Crown has demanded or recommended a charge. This standard is binding not only on private Members but also on Ministers' whose only advantage is that, as advisers of the Crown, they can present new or supplementary estimates or secure the royal recommendation to new or supplementary resolutions.

There are several precedents where Speakers of the House have ruled against bills or amendments to bills that infringed on the Crown's financial prerogative. I refer senators to page 576 of Speaker Lamoureux's decisions and page 166 of Speaker Jerome's decisions.

I would like to quote two similar decisions to you. On September 13, 1973, the Speaker of the House of Commons rendered the following decision on a bill to amend the Family Allowances Act:

Since the hon. member's bill is not accompanied by a recommendation of the Crown, it cannot be put to the House at this time. I refer the hon. member to Citation 249(1) of Beauchesne's Fourth Edition. The principle explained there is further confirmed by Citation 250 as follows: "If any motion, or bill, or proceeding is offered to be moved, whether in the House or in a committee, which requires, but fails to receive, the recommendation of the Crown, it is the duty of the Chair to announce that no question can be proposed upon the motion, or to direct the withdrawal of the bill."

On June 6, 1980, the Acting Speaker of the House of Commons made the following statement on a bill to amend the Unemployment Insurance Act with respect to maternity benefits.

When a private member's bill provides for an extension in the benefit period, for an enlargement of the class of possible claimants, or for an increase in the benefits payable under the act, the charge on the Consolidated Revenue Fund would consequently be increased. Therefore, in my view, any such bill would be a "money bill" which must be introduced by a minister of the Crown and accompanied by the recommendation of the Governor General.

[English]

With respect to senators' initiating money bills, the Chair must draw the attention of the Senate to the following excerpt from *Bourinot's Parliamentary Procedure*, Fourth Edition, pages 412-413.

The recommendation of the Crown to any resolution involving a payment out of the Dominion treasury must be formally given by a privy councillor in his place at the very initiation of a proceeding, in accordance with the express terms of the 54th section of the British North America Act, 1867, and in conformity with the practice of the English House of Commons . . .

Though the recommendation of the Governor General cannot be formally given in the Senate to a motion involving money,—since such matters must originate in the Commons—yet that House has a standing order which forbids the passage of any bill which, from information received, has not received the constitutional recommendation.

70. "The Senate will not proceed upon a bill appropriating public money, that shall not, within the knowl-

edge of the Senate, have been recommended by the Queen's representative."

Honourable senators should note that rule 70 has been renumbered and is now rule 62.

For these reasons I must rule that Bill S-3 and Bill S-4 are out of order.

Orders discharged and bills withdrawn.

● (1440)

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Bolduc, for an Address to Her Excellency the Governor General in reply to Her Speech at the opening of the Session.—(*Honourable Senator Peitten*) (8th and final day of resuming debate)

Hon. Peter Bosa: Honourable senators, first I should like to congratulate the mover and the seconder of the Address in reply to the Speech from the Throne for their eloquent presentations. I should like to take part in this address and make a few remarks with respect to foreign policy.

Canadians have come to expect over the past 40 years a Canadian foreign policy that is charged with activism, new ideas and leadership in the world. This was the legacy of the Pearson years, whether he was Secretary of State for External Affairs, Leader of the Opposition, or Prime Minister. It was also the legacy of Mr. Trudeau's long prime ministership. The foreign policy of the present government is, above all, marked by lethargy, staleness, confusion and a belated "me too-ism".

The role of Lester Pearson in the development of United Nations peacekeeping is so well known that it doesn't need detailed recounting here. He was involved in the whole history of the United Nations' early experiments in peacekeeping, including the dispatching of observers to troubled parts of the world that were seeking assistance and his Nobel Peace Prize-winning efforts to resolve the Suez crisis through the creation of an international emergency force to separate the combatants and to supervise the terms of the truce. This technique of stabilizing a dangerous situation with neutral forces acceptable to both sides of a dispute was to be used again in the Belgian Congo and in Cyprus.

Pearson was also an eloquent spokesperson for the interests of those countries emerging or recently emerged from colonialism. He was involved in the birth of Canada's development assistance programs to the underdeveloped world—in 1950 he was Canada's chief spokesman at the Commonwealth Conference in Colombia. He always stressed the need to be forthright about the political objectives of aid, but was uneasy about the use of aid as a crude, ideological weapon. His thinking on the subject looked forward to modern concepts of developmental assistance, because it blended equal amounts of political realism and humanitarian idealism.

Aid was no way to buy friends any more than it was "guilt money". It must relate to the development of the recipient nation as an enlightened mutual effort of material and cultural advancement. Shortly after his retirement from the prime ministership in 1968 he became chairman of the Commission on International Development, which was an independent task force of world leaders and "eminent persons" set up at the instigation of Robert McNamara, president of the World Bank. Thus Pearson helped Canadian and world attitudes toward international peace and development until his untimely death.

The Trudeau government built on this solid legacy and brought in fresh ideas of its own. In 1968, by Order in Council, the old External Aid Office became the Canadian International Development Agency (CIDA), under Maurice Strong, who was its first president. Between 1968 and 1984 the budget for official development assistance grew enormously from about \$250 million to nearly \$2 billion. CIDA proved to be an innovator from the beginning. In 1968 it created a non-governmental organizations program, which was the first official agency in the industrial world to establish such a cooperative program between government and private, voluntary agencies working in developing countries. Government policy encouraged more and more Canadians to become personally involved in international development activities. An indication of the success of this approach is the phenomenal growth in non-governmental participation and funding. In 1968 CIDA disbursed some \$5 million to 50 projects by 20 volunteer organizations. By 1984 over 200 projects were receiving funds from CIDA, to the tune of nearly \$150 million.

In 1975 the government's attention to North-South concerns reached a new milestone with the publication of the progressive and forward-looking *Strategy for International Development Cooperation 1975-1980*. The following year the North-South Institute was founded in Ottawa to provide independent research on international development policy. Canada took a leading role in the Paris North-South Conference (1975-77) on International Economic Cooperation in urging constructive responses to the South's call for a new international economic order. In 1977 Canada made the concrete gesture of cancelling the official aid debts of 12 least-developed countries. North-South issues had established their place on the national agenda.

After the Trudeau government returned to power in 1980, one of its first moves was to create the parliamentary Task Force on North-South Relations. The next year Mr. Trudeau became a prime mover of the Cancun Summit on North-South dialogue, along with Mexican President Jose Lopez Portillo.

Questions about Canada's role in promoting international human rights and democratic development were added to the more traditional themes of Canada's mutual interests in poverty alleviation and political stability. Canadian policies and programs never stood still, as the government was constantly responding to changing circumstances and to concerns raised through the increasing engagement of the private and voluntary sectors.

Prime Minister Trudeau also broke new ground in the reach for international peace and disarmament. Canada was among the first countries of the western world to recognize communist China and to develop a policy of drawing its government into world affairs in a responsible way. Through an exchange of ambassadors with the Vatican, his government formally recognized the role for good that the modern Catholic Church could play in international peace and development.

Prime Minister Trudeau and his governments not only continued the Canadian policy of abjuring nuclear weapons but also launched a number of initiatives to encourage nuclear disarmament and thus help to prevent a nuclear holocaust. Canada withdrew her armed forces from any nuclear role in Europe and replaced the nuclear-capable aircraft that was assigned to the defence of North America with sophisticated, but conventionally armed, aircraft. Canada thus became the first country to choose to divest itself of nuclear weapons.

In his speech of May 26, 1978, to the United Nations General Assembly's Special Session on Disarmament, Prime Minister Trudeau identified the "technological impulse" that lies behind the development of strategic nuclear weapons as a dangerous and destabilizing factor in the nuclear arms race between the superpowers. Each new weapons system raises concerns about a disarming first-strike capability, about verification and about the erosion of the difference between nuclear and conventional warfare. To counter this threat, the Prime Minister proposed four concrete measures, which, taken together, would curb the technological dynamics of the nuclear arms race and buy time for further negotiations leading to actual reductions in nuclear arsenals. It was a tribute to the stature of the Prime Minister as an international statesman that his "strategy of suffocation" was substantially embodied in the *Final Document and Programme of Action* of the Special Session as paragraphs 50 and 51.

● (1450)

Toward the end of his prime ministership relations between East and West, between the Soviet Union and the United States, had deteriorated to a dangerous degree under the impact of the Soviet invasion of Afghanistan and the needless shooting down of a South Korean civilian airliner which strayed over Soviet territory. The Prime Minister publicly decried the latter incident, which claimed 269 lives, calling it an illustration of the danger of hair-trigger reaction in the nuclear age. Internationally and in Canada public opinion was increasingly concerned about the build-up of nuclear missiles in Europe at a time of growing Soviet-American animosity. There was an inarticulate demand that someone do something to arrest the downward spiral toward a confrontation of the great powers.

After a period of study and consultation, the Prime Minister announced his final peace initiative in a speech on October 27, 1983, to the Conference on Strategies for Peace and Security in the Nuclear Age. That speech expressed the conviction that "just as war is too important to leave to the generals, so the relationship between the superpowers may have become too charged with animosity for East-West relations to be entrusted

to them alone." While the two-track response of NATO to the Soviet build-up of SS-20 missiles in Europe remained valid, he proposed a "'third rail' of high-level political energy to speed the course of agreement." In his tour of western European capitals in early November Prime Minister Trudeau began the process of attempting to organize the political will necessary to break the stalemate in East-West relations.

The Prime Minister's initiative gave ordinary people all over the world and on both sides of the Iron Curtain a glimmer of hope at a time when there seemed to be a mood of growing hopelessness over the nuclear issue and the threat of nuclear holocaust. He established a foundation for the injection of high-level political willpower into the process of rebuilding confidence and negotiating arms limitation agreements. He encouraged, indeed, partially forced the great powers, however willingly or reluctantly, to consider a concrete proposal for a five-power summit conference and specific measures of nuclear arms limitation, despite their mutual rivalries and animosities.

My Senate colleague, Allan J. MacEachen, now Leader of the Opposition, was serving as Secretary of State for External Affairs during the Trudeau peace mission. It was he who urged Trudeau to postpone any election plans until a visit to the Soviet Union could be arranged and included as part of that mission. Senator MacEachen upheld Canada's image as a peacemaker throughout his tenure at External Affairs. He served in that portfolio on two occasions, from 1974 to 1976 and from 1982 to 1984. He brought a strong voice of reason to the conflict in Central America, publicly distancing Canada from the interventionist policy of the United States. He strongly supported the Contadora peace process through which Central American nations set out to solve their regional problems on their own. During his first stint at External Affairs in the 1970s Senator MacEachen succeeded in proclaiming Canada's 200-mile zone during the United Nations Law of the Sea meetings. This single measure has done more to ensure the future economic viability of the maritime provinces than any other step taken in our history.

The statesmanship, ideas and leadership of Prime Ministers Pearson and Trudeau created a knowledgeable and concerned foreign affairs constituency among Canadians, a constituency the current government risks discouraging with its inactivity and its South African fiasco. There is more to the conduct of foreign affairs than a series of photo opportunities and public relations statements delivered in a melodious voice.

The headlines for the past few months have been particularly disturbing. Here are a few examples that come to mind:

11 February—"Beyond Washington" by Jeffrey Simpson, *The Globe and Mail*

18 February—"Ottawa Struggles to Cope with Changing World" by Tim Harper

24 February—"Silent North Needs a Voice", unsigned editorial, *Edmonton Journal*

24 February—"Asleep at the Wheel", unsigned editorial, *The Globe and Mail*

13 March—"Canadian Foreign Policy is Drifting" by John Harbon

17 March—"Dance of the Political Veils", unsigned editorial, *The Globe and Mail*

25 March—"In a Foreign Policy Vacuum", unsigned editorial, *Toronto Star*

25 March—"So Timid on Policy", unsigned editorial, *The Globe and Mail*

27 March—"Foreign Policy Role Troubling" by W.A. Wilson, *The Globe and Mail*

16 April—"Canada Has Lost International Clout" by Gerald Caplan, *Toronto Star*

29 April—"Middle-of-the-road Canada a World Leader in Complacency" by Keith Atkinson

25 May—"Pattern of Confusion, Inconsistency Still Stamps PM's Foreign Policy" by Paul Koring

The articles I have just mentioned and more all make the same point: Revolutionary change is sweeping the world—the Soviet Union and eastern Europe, the Peoples' Republic of China, the Middle East, Central America, the relations between the superpowers, between the Warsaw Pact and NATO. There is great hope for real disarmament and arms control agreements. After a vigorous campaign, Canada won a seat on the Security Council, where, for a relatively short period of time, we will be in a position to influence world events.

What has been and still is the response of the government to these changes? Silence, tardiness, staleness, confusion and outright contradiction. These are not the conclusions of the politically partisan but the conclusions of experienced professionals with a long-term interest in world affairs and an abiding belief that Canada has exercised in the past and can continue to exercise in the future some measure of influence on the course of world events.

After five years at the helm it is time this government took a firm grip on foreign policy and started building on the foundation of its predecessors. Canada has played an important role in the international community for many decades. World-wide junkets and photo opportunities are no substitutes for a consistent, vigorous and flexible foreign policy. Canadians know the difference. They expect leadership, new ideas and tangible results. Mr. Mulroney and his government would do well to heed the aspirations of Canadians in foreign policy.

Some Hon. Senators: Hear, hear!

● (1500)

Motion agreed to and the Address in reply to the Speech from the Throne adopted.

On motion of the Honourable C. William Doody, ordered that the Address be engrossed and presented to Her Excellency the Governor General by the Honourable the Speaker.

FISHERIES

COMMITTEE AUTHORIZED TO STUDY FISH MARKETING IN CANADA

Leave having been given to revert to Order No. 5:

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Kirby:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subject before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee report no later than October 31, 1989.—(*Honourable Senator Doody*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I believe that Senator Marshall, the chairman of the Fisheries Committee, would like to have this matter dealt with, and I have no objection to doing so.

The motion is that the Standing Senate Committee on Fisheries be authorized to examine the marketing of fish in Canada. I understand that the committee has had its organizational meeting and is prepared to proceed. This is the study that has been under way for some time.

Motion agreed to.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE ADJOURNED

Hon. Allan J. MacEachen rose, pursuant to notice of Tuesday, April 18, 1989:

That he will call the attention of the Senate to the Budget Statement of the Minister of Finance.

He said: Honourable senators, when I advised the Senate on April 18 that I would call the attention of the Senate to the budget statement of the Minister of Finance, I did not foresee at the time that it would become such an ill-starred document and that it would be virtually impossible for days, if not weeks, to concentrate on the substance of it, which is what I am proposing to do in my remarks this afternoon.

The budget presented belatedly in the House of Commons on April 27 by the Minister of Finance undoubtedly disappointed or dismayed Canadians, but I do not think it shocked them at all. They may have been somewhat shocked at the mismanagement of the government as events unfolded on April 26 and 27, but they were not shocked by the contents of the budget.

In the weeks immediately preceding the budget the government, with the assistance of the BCNI, carefully laid the ground work for the measures unveiled by Mr. Wilson—measures that were certainly not discussed during the election campaign by the minister, who had proudly proclaimed, "I have told Canadians exactly where things stand." While tell-

ing taxpayers exactly where things stood in the fall of 1988, the Minister of Finance did not tell them that they would soon be conscripted for an assault on the deficit—a deficit that he had previously claimed had been brought under control.

A privileged few, however, were much better informed than most of us as to what the budget contained—indeed, they had full knowledge of it before Mr. Wilson rushed to deliver the main points to the media. The news had gone stale by the time the Minister of Finance appeared in the House of Commons to table the budget. Although it is tempting, my purpose is not to review in detail the matter of the budget leaks. I simply want to make the point that, here again, Canadians had no reason to be particularly surprised as these events unfolded. An interesting article by Mary Janigan, published in the April 1989 edition of *Canadian Business*, pointedly recalls that this government deliberately leaked budget information in previous years:

Senior finance department officials recall that they leaked every major detail in the February, 1987, and February, 1988 budgets. "We even leaked the deficit level in 1987 because we wanted a clear field for tax reform in the spring," says a senior official. Adds Douglas Peters, senior vice-president at the Toronto-Dominion Bank: "I talked to a senior official after the (1987) budget and told him that he had leaked everything, there were no surprises. He said, 'That's right. If nobody is talking about it a week from now, it will be a huge success.'"

Well, the success is not so huge this year, and everybody is still talking. It is difficult not to feel sympathy for the Minister of Finance. But the minister may not have been the victim of what the Prime Minister has described as a crime. He may now simply be reaping the ultimate benefits of a Conservative practice in handling federal budgets. That, however, is a separate story.

Honourable senators, I want to focus today on the budget and, since the assault on the deficit is its central feature, I wish to begin by taking a look at Mr. Wilson's deficit record during the last four years and the mythology that he has worked so hard to create.

When the Conservatives came to office in September 1984, they were quick to condemn the economic management record of the outgoing Liberal government. Economic renewal was the slogan used as a heading for the major economic budgetary and financial policies of their first term of office.

At the outset of their second term it should now be our turn—indeed, our duty—to pass judgment on what they have accomplished or failed to accomplish during the four preceding years. Their record, rather than their good intentions, is now the measure of their credibility.

● (1510)

The record, however, is more than an economic record. It is also a record of the perception the government has attempted to craft. The government is, without doubt, a master architect of mythology. "Image is reality" is the precept they have lived by, the precept that continues to inspire all their actions.

[Senator MacEachen]

Though an image may have a reality of its own, it cannot obliterate another reality that is all too well known to Canadians—the reality of taxes, expenditures, deficits, debt and interest rates. That is the reality that we must look at; that is the record to be reviewed and judged.

The government has done its very best, of course, to protect the image. Many government economic publications now have a partisan flavour. The picture of progress is blown up; problems, let alone failures, are ignored; and the statistics presented do not provide an adequate basis for comparison and judgment. That the government should have co-opted so many civil servants into singing its praises is presumably another aspect of Canada's renewal.

The first myth that was so carefully crafted is that in 1984 the government inherited an economic disaster brought about by inept economic management.

The diagnosis contained in a document of November 8, 1984, entitled, "A New Direction for Canada", refers to "poor economic performance", "soaring government deficits", "rising unemployment", "intrusive government", "sluggish economic growth", "an economy dangerously off-course", "increasing regulation" and the "sapping of creative energy". This document concluded with this simple condemnation:

A major reason for our poor performance has been the failure of the Government of Canada to deal with the real problems. For too long the Government has ignored the causes of the problems and has dealt only with the symptoms.

It may not have been possible to rebut that statement in that period of euphoria, but certainly it is possible to rebut it at the present time. The truth of the matter is that the Conservative government inherited a surging Canadian economy, which had rebounded sharply from the worst recession since the war.

In 1984 the economy grew at a rate of 4.7 per cent in real terms, a rate of growth not equalled in subsequent years. Unemployment rates had started to decline from their recession peak of about 13 per cent to approximately 11 per cent. Our merchandise trade balance had a healthy surplus of close to \$20 billion, a near record level, against a non-merchandise deficit of about \$17 billion, leaving a positive balance of about \$3 billion. If you examine the Minister of Finance's document entitled "Canada's Economic Prospects of the 1990s", you will find that the minister tells us that in the last quarter of 1988 the current account deficit was \$17 billion.

In 1984 inflation averaged 4.4 per cent, the lowest since 1971. Interest rates had dropped to approximately 11 per cent from their precipitous pre-recession levels. The world economic outlook was favourable. Indeed, the government could take such a positive view of economic prospects that in November 1984 its projection of real economic growth was 3.5 per cent over the years 1986 to 1990. That was the disaster; that was the effect of Liberal mismanagement; that was the economy so badly in need of renewal.

We all know, if we remember our recent economic history, that stagflation in the late 1970s and the sharp 1981-82

recession had left over some issues of government financial management; in particular, budget deficits and the resulting accumulation of national debt.

In order to put these issues into proper perspective we have to recall how they came about. In the fiscal year 1974-75, ten years before the Conservatives came to office, the budgetary deficit stood slightly under \$2 billion, or 1.3 per cent of the GNP. The gross public debt was \$52 billion, and the gross public debt charges were \$3.2 billion, or 6.2 per cent of the gross debt.

On the eve of the recession, in the fiscal year 1980-81, the budgetary deficit was \$13 billion, or 4.4 per cent of the GNP. Public debt was \$120 billion, and debt charges were over \$10 billion, or 8.9 per cent of the gross debt.

Stagflation, fuelled by oil price increases, was at the heart of this deterioration. Budgetary revenues stagnated, while expenditures increased sharply, as the government reduced the harsh effects of inflation on the Canadian population by various indexation measures applicable to personal income tax exemptions and tax brackets, family allowances and old age security. The public debt charges rose with the historically high level of interest rates required for killing inflationary expectations.

Of course, the situation worsened with the 1981-82 recession. Revenue continued to stagnate, while statutory expenditures and counter-cyclical expenditures soared.

In his budget statement, tabled in the House of Commons on April 27, the minister said, on the first page:

When I became Minister of Finance, the \$18 billion debt had risen to nearly \$200 billion. And the annual deficit was more than \$38 billion.

That is not quite the case. That is at a level of inaccuracy that has increasingly begun to characterize statements made by the Minister of Finance. To say "When I became Minister of Finance the annual deficit was more than \$38 billion" is not at all accurate. The former Minister of Finance, Mr. Lalonde, in February of 1984, projected a deficit for the fiscal year 1983-84 of \$31.5 billion, and the deficit which he projected for 1984-85 was \$29.6 billion.

In the fiscal year 1983-84, the last full year of Liberal government, the budgetary deficit came in at \$31.7 billion, or 8.1 per cent of the GNP. The gross public debt was \$196 billion, and the gross public debt charges were \$18.1 billion, or 9.3 per cent of the gross public debt compared to 10.4 per cent the previous year. The 1.1 per cent reduction reflected lower interest rates.

During these four years, including years of severe economic adversity, the gross public debt increased by a total of \$58 billion.

Two points stand out clearly from these facts and figures. First, the economic situation in 1984 had dramatically improved. We were in quite different circumstances, without stagflation and with the recession behind us. Second, the policies carried out by the Liberal government had sheltered Canadians from the worst effects of inflation and recession and had produced an early and strong recovery, in keeping

with the opportunity offered to us by a strongly expanding American economy.

• (1520)

In brief, the policies developed by the Liberal government during the early 1980s protected Canadians from the ravages of the worldwide recession to the fullest extent possible, while setting the stage for a strong recovery. It would have been legitimate for a new government in 1984 to take issue with these policies on the ground that they had now successfully run their course. But the Conservatives did not choose that option. They chose to rewrite history and to build up the myth of economic disaster and ineptitude.

The number of believers in this mythology is undoubtedly declining at the present time, but it is useful to state again and again the facts, the figures and the record, which are the true materials of history.

In 1984 few people could have been better equipped than the new Prime Minister to deal with deficits and debts. He had a plan.

Various statements made by the Prime Minister in 1983 and 1984 revealed, *inter alia*, that he would begin by cutting government spending "everywhere and under every circumstance"; that he would freeze taxes; that "the goal would be lower taxes." The Mulroney program, according to a data resources model, would reduce the federal deficit to \$3.1 billion by 1990, a target the Prime Minister himself was confirming in July 1984, other economic factors standing equal. As we know, most factors subsequently improved. Thus, with the original prime ministerial plan, we should now be approaching a budget deficit of about \$3 billion in fiscal year 1989-90.

By the time of the first Conservative budget in May 1985 this program had been somewhat scaled down. Mr. Wilson said in that budget speech:

I am implementing a clear and realistic medium-term plan to control our debt... our actions will directly reduce the annual deficit at the end of the decade by more than \$20 billion.

The budget deficit for fiscal year 1984-85 was then estimated at \$36 billion—it turned out to be \$38.3 billion; the deficit target for 1985-86 was set at \$33.8 billion. For the 1990-91 fiscal year the Wilson medium-term plan called for a decrease in discretionary spending of over \$20 billion, thus reducing the projected 1990-91 deficit from its anticipated 1985-86 high of \$36 billion to \$16 billion. However, that was still \$13 billion more than the original prime ministerial plan.

By the time of the February 1986 budget Mr. Wilson announced that the budget deficit had been reduced from \$38.3 billion in fiscal year 1984-85 to \$34.4 billion in 1985-86, a reduction of less than \$4 billion. For fiscal year 1986-87 the deficit target was set at \$32.7 billion, and for 1990-91 at \$22 billion.

Just a year after its launch the "clear and realistic plan" was lurching off the rails. The 1985-86 deficit was \$600

million higher than planned, and the 1990-91 deficit target had been raised from \$16 billion to \$22 billion.

That derailment was confirmed by the 1987 budget, which planned for a fiscal year 1987-88 deficit of \$29.3 billion. The possibility of reaching the revised \$22 billion deficit target for 1990 was evaporating. Revealingly, the deficit projections contained in the 1987 budget stopped at fiscal year 1987-88.

The 1988 budget presented an even clearer picture. The deficit forecast for 1988-89 was set at \$28.9 billion. No projection was given for the 1990-91 fiscal year, but for 1989-90 the deficit was forecast at \$28.6 billion. That was a long way from the \$16 billion level that Mr. Wilson projected for the end of the decade under his "clear and realistic medium-term plan."

The government was making much of the fact that the budget deficit had been reduced four years running. However, the available figures show not only that the deficit reduction plan failed to achieve its goal but also that the political head of steam had gone out of it less than two years after it was launched. Between 1984-85 and 1986-87 the budget deficit dropped by \$6.3 billion. Between 1986-87 and 1989-90—that is over a period of three fiscal years—the government promised to reduce it by another \$4.1 billion; but, thanks to the last budget, we now know that the situation turned out to be much worse.

Under the original Wilson plan—that is, without the latest wave of tax increases—the fiscal year 1989-90 deficit would have been of the order of \$34 billion, exactly where Mr. Wilson started with the announcement of his "clear and realistic medium-term plan." For 1990-91 Mr. Wilson optimistically forecasts a deficit of \$28 billion, leaving a \$12 billion credibility gap.

This is the outcome of the Minister of Finance's medium-term plan: a \$30.5 billion deficit this year; \$28 billion next year. His early projections of a \$16 billion or \$22 billion deficit would be laughable were the situation not so serious.

The failure of the Minister of Finance's medium-term plan has a very serious impact on the national debt. The increase in our national debt resulting from cumulative deficits during the Conservatives' first term of office reached an order of \$191.5 billion. That is close to the amount of the total national debt that accumulated since the beginning of Confederation—over 120 years ago. In brief, during their first term the Conservatives virtually doubled our national debt. Even if allowance is made for the fact that they formed the government halfway through the fiscal year 1984-85, the "Wilson Plan" accounts for the greatest accumulation of debt in our nation's history, that clear and realistic medium-term plan. It would be interesting to compare his debt creation record as a percentage of GDP to that of other national finance ministers. It may well be in a class of its own.

● (1530)

Let us remember, however, that during the Liberals' last four years in office, which included years of severe economic adversity, the public debt increased by \$68 billion. In the four

[Senator MacEachen]

years of economic affluence the Conservatives increased it by \$191.5 billion. As Mr. Diefenbaker said, "It is a long..."—what was it?

Senator Murray: "—road that has no ash cans."

Senator Doody: "—road that has no ash cans."

An Hon. Senator: "—road that has no ash cans."

Senator MacEachen: Yes, "It is a long road that has no ash cans."

Senator Frith: That quotation must be in the catechism for young Tories, the way you all came forward with it!

Senator MacEachen: So here we are, seeing all those ash cans on the road of the clear and realistic medium-term plan. That is the historical review of the debt and the deficit.

Let us take a look at what happened to government expenditures, interest rates, taxes and revenues, which are the basic ingredients of government transactions. On a national accounts basis, total government expenditure—that is, spending on goods and services, transfer payments and interest payments on the debt—increased from \$104 billion in 1984 to \$128.5 billion in 1988. That is more than a \$24-billion increase. With the exception of 1986, government spending increased by considerably more than inflation. In 1985 government spending increased by 8.1 per cent, in 1986 by 0.9 per cent, in 1987 by 6.1 per cent, and in 1988 by 7 per cent. During that period a decline in interest rates moderated interest payments on the public debt, but, with cumulative yearly increases in the debt, these, nevertheless, grew to \$31.6 billion in 1988. We are told, I believe, that those payments for this year are about \$40 billion. The percentage increase in interest payments, year over year, was never less than 6 per cent, considerably more than inflation, and twice it was more than 17 per cent. Those are spending increases in total volume which are rather, shall I say, robust.

What about taxes? Well, we have had unprecedented increases in taxes. Certainly the tax burden in Canada as a result of the budget is probably greater now than that of the United States and will rival any of our trade competitors. That is our tax burden, because we have had a very sizeable increase in taxation in the past four years. With regard to revenues, we know that the expanding economy produced spectacular effects on government revenue, which increased on a national accounts basis from \$75 billion in 1984 to \$108.9 billion in 1988, an increase in the order of \$34 billion, or 45 per cent. With this great surge in revenue and the sacrifices imposed on all Canadians by tax increases, the government, in its first term in office, did no better than to stabilize the budget deficit at around \$29 billion.

What was the government's judgment of its first four-year record? The Minister of Finance stated in his February 1988 budget speech:

Our challenge in 1984 was to restore fiscal stability and rebuild credibility in the management of Government finances. The only way to do that was to set out a medium-term fiscal plan with sustained deficit reduc-

tion . . . and then hold to that plan. That is exactly what we did.

Clearly, the minister was missing, or hiding, the most critical point of all. During the early part of this government's mandate government program expenditure reduction accounted for the largest share of deficit reduction, but, subsequently, this share declined and a higher portion of deficit reduction was due to increases in government revenue and easing of the debt service charge resulting from lower interest rates. Interest rates went down, revenues went up, and the government decided, "Well, let's not deal very aggressively with the expenditure side." Of course, that meant that deficit reduction was becoming less and less a matter of government policy—that is, fiscal measures and expenditure restraint—than of the natural working of an economy experiencing solid growth and reduced interest rates. With such an abdication of government responsibility obscured by Mr. Wilson's self-congratulations over the working of his mythical medium-term plan, the writing was clearly on the wall. If economic expansion slowed down and interest rates went up, the policy failures would be exposed and our public finances would be in deep trouble. That is precisely what happened.

After four years of ostensibly fighting the deficit, after four years of massive tax increases, the Minister of Finance, at the end of April, dropped a budget that was an admission of abysmal failure. The inescapable fact of the matter is that, if the Minister of Finance had not again increased taxes massively, his deficit for 1989-90 would have been virtually identical to the deficit he brought down in his first budget four years ago. Last month the minister forecast a deficit of \$30.5 billion for fiscal 1989-90, up almost \$2 billion from his forecast of one year ago and \$1.6 billion more than last year's deficit. The fiscal plan that was laid before Parliament discloses that without the proposed new tax measures, which are expected to bring in \$3.7 billion, the deficit for 1989-90 would have been \$34.2 billion. What was the deficit in his first budget? A virtually identical \$34.4 billion.

The huge tax increases announced in the last budget, \$10.6 billion over the next two years, did not have as their object the sound management of government finances but, rather, it seems to me, a no-holds-barred attempt to salvage the credibility of the government. After four years of strong economic growth and favourable interest rates, Mr. Wilson would have brought down a deficit identical to that in his first budget had he not, once again, savaged taxpayers. It would have been even higher, almost \$36 billion, had he also not cut expenditures by \$1.5 billion. That is a performance that hardly is in accord with the clear and realistic medium-term plan that Mr. Wilson announced in his budget of 1984.

I do not see any prospect—maybe you do—that the economy will grow at the rates achieved over the last four years. There is current evidence of a resurgence of inflationary pressure. According to the Governor of the Bank of Canada:

total dollar spending on Canadian goods and services went up by over 8 per cent last year, following a rise of nearly 11 per cent during 1987. This is a pace far in excess of the

rate at which the Canadian economy can generate sustained annual increases in the physical supply of goods and services of all kinds. So long as this sort of gap persists, our economy will remain an inflationary one, and the greater will be the momentum that inflation acquires.

So said the Governor of the Bank of Canada in March, speaking in Kitchener.

● (1540)

It seems self-evident that fighting inflation and the budget deficit at the same time will call for fiscal and monetary policies that will have a depressing effect on the economy. International circumstances, including those in the U.S., are unlikely to provide major relief. This is where Conservative government mythology has driven us. The effect of their brand of management will be worse than the failure to keep recent electoral commitments made in the full knowledge that they could not be honoured.

The International Monetary Fund gave the country, before the last budget, a sobering view of the deep troubles spawned by four years of Conservative mismanagement. It warned that without drastic action on the deficit Canada would face a weaker currency, sharply higher interest rates, a large drop in stock market prices, and reductions in private investment spending.

According to IMF projections, the deficit, in nominal terms, would rise appreciably and remain in the \$33 billion range until 1993-1994 and the national debt would soar to more than \$417 billion by 1994, with a debt-to-GDP ratio of 60 per cent. That is the projection of the IMF, as reported in the *Financial Post*. The fund urged early action to forestall this disaster: deficit reductions of the order of \$9 billion in 1990 and \$6 billion in 1991. Many would argue that such bitter medicine would lead to certain recession.

Thus, there is no doubt but that the government found itself in an awkward dilemma—a dilemma, in my opinion, of its own making: either it could do far less than the IMF prescribed for curing our chronic deficit ailment or it could administer the medicine at the cost of precipitating a recession. Under either of these courses Canadians will suffer. We shall increasingly suffer because of continuing deficits and mounting debt or because of a recession before the end of the decade.

Who now can be charged with mismanagement?

Senator Frith: I can answer that question.

The Hon. the Acting Speaker: If no other senator wishes to speak, this inquiry is considered debated.

Senator Frith: The person to be charged is just rising.

Hon. C. William Doody (Deputy Leader of the Government): I am being charged with mismanagement, Mr. Speaker.

Senator Frith: How do you plead, sir: guilty or not guilty?

Senator Doody: I wish to move the adjournment of the debate.

On motion of Senator Doody, debate adjourned.

NAMIBIA

CURRENT SITUATION

Hon. B. Alasdair Graham rose, pursuant to notice of Tuesday, June 13, 1989:

That he will call the attention of the Senate to the situation in Namibia.

He said: Honourable senators, I thank you for allowing me to proceed today. While the world is riveted on the tragic circumstances surrounding events in China, I wish to call attention to the situation unfolding thousands of miles away, in Africa, and specifically on the hopes and dreams of the citizens of Namibia, a country that I visited in the last two weeks and where elections are scheduled for the first week in November.

Let me begin by giving a brief background on the present-day situation in that country. A great deal has been written about SWAPO, the South West African People's Organization, which came into existence in 1960. SWAPO's military wing, the People's Liberation Army of Namibia, known as PLAN, and South African forces have engaged in guerrilla activities that have continued for a long period of time. It is well known that South Africa repeatedly ignored resolutions of the UN General Assembly, the Security Council and the International Court of Justice, which declared its occupation of South West Africa illegal by international standards.

In January of 1976 the United Nations Security Council, in Resolution 385, called for the holding of elections, under UN supervision, as a prelude to Namibian independence. After negotiations with the South Africans in which certain concessions were made, Security Council Resolution 435 was adopted in 1978 and accepted by Pretoria. Resolution 435 restated the principles of Resolution 385 and approved a more elaborate document by the western members of the Security Council, including Canada, which played a very important role in the whole process. The document was named "The Proposal for a Settlement of the Namibian Situation". Resolution 435 remained the only formally agreed basis for Namibian independence until the Namibian Accord, implementing Resolution 435, was signed on December 22, 1988.

Now, in its implementation Resolution 435 differed greatly from the earlier resolution, since it granted South Africa, rather than the United Nations, the authority to administer the elections through an Administrator General. On July 1, 1985, Mr. Louis Pienaar was appointed to that position. It also called for the appointment of a special representative, whose central task would be to ensure that conditions were established for free and fair elections based on an impartial electoral process. The then Secretary-General, Kurt Waldheim, appointed Mr. Martti Ahtisaari of Finland the United Nations Commissioner for Namibia, as his special representative.

Resolution 435 also provides for a cease-fire between SWAPO and South African forces, monitored by the UN Transitional Assistance Group, known as UNTAG, during a seven-month transition period.

According to the principles established in Resolution 435, the Administrator General's Office drafts the legislation relating to the holding of elections, the registration of voters and the functions of the Constituent Assembly to the satisfaction of the special representative. Basically, the plan allows the United Nations to consult with the Administrator General on each stage of the process. Resolution 435 states:

As a condition to the conduct of the electoral process, the elections themselves, and the certification of their results, the United Nations Special Representative will have to satisfy himself at each stage as to their fairness and appropriateness.

The United Nations, however, is granted little authority to alter or modify the electoral code or voting procedures. After the certification of the election results next November by the United Nations, South Africa will complete its military withdrawal within one week and the Constituent Assembly will draft a constitution establishing an independent government. South Africa will administer the country until after the constitution has been adopted by the assembly.

Under Resolution 435, the primary responsibility for maintaining law and order during the transition period rests with the existing South West African police forces, SWAPOL, monitored by an UNTAG police element. The Secretary-General has recently increased the UN civilian police force from the 360 officers required by Resolution 435 to 500 police monitors. The UN police force will monitor the disbandment of counter-insurgency forces such as the Koevoet.

• (1550)

There are more than 40 political parties in Namibia, consisting of a wide diversity of racial and tribal affiliations. Two leading forces have, however, emerged: South West African People's Organization (SWAPO) and the Democratic Turnhalle Alliance (DTA), an 11-party coalition. Recently parties have become even more fragmented, which will make the attainment of a two-third majority for control of the Constituent Assembly even more difficult.

Many people believe that the process of independence received a severe setback when SWAPO troops allegedly broke the Resolution 435 cease-fire agreements by crossing the Angolan border on April 1. SWAPO leadership maintained that their forces were already in Namibia at the time of the cease-fire and were merely following directives from their leaders to make contact with UN peacekeeping forces. At any rate, another 300 lives were lost in the ensuing battle.

Honourable senators, over an eight-day period I had the honour to lead an international observer mission to Namibia, and last week in Windhoek, the nation's capital, we reported our findings to both the Special Representative of the United Nations and to the Administrator General.

The delegation was organized and sponsored by the National Democratic Institute for International Affairs based in Washington, D.C. The National Democratic Institute is chaired by former Vice President Walter Mondale, and has successfully conducted non-partisan political development and

educational programs in various countries around the world. The National Democratic Institute was invited by the United Nations Special Representative to send a delegation to Namibia to help demonstrate international support for a free and fair election process.

As honourable senators will know, under the terms of United Nations Resolution 435, the independence process formally began on April 1 of this year. The official campaign begins July 1, with the actual election scheduled for the first week in November. Formal independence is scheduled for April 1, 1990.

As mentioned earlier, the campaign and the elections are being administered by the South African government and overseen by the special United Nations peacekeeping force, in which Canada has a contingent of some 256. I was pleased to meet with the Commander of the Canadian Contingent in Namibia, Colonel Michael Jeffrey, as well as Canada's Director-General for Military Plans and Operations, Brigadier General John MacInnis, who happened to be visiting the Canadian troops at the same time I was in Windhoek. General MacInnis' hometown is worthy of note, by the way, since he was born in and still calls Inverness, Cape Breton, his home.

Canada has a right to be proud of her representatives in Namibia. The head of the new Canadian mission, which was established two months ago in that country, is Neil Haffey, and we can be proud of both him and his staff.

Our delegation included election officials and experts from six different nations. All delegates have had significant experience in the electoral process in their own countries. In addition, members of the group had observed elections in 40 different countries around the world. Among others, the group included the Attorney General for the State of Kentucky, the Chief Electoral Officers of Pakistan and Barbados, the Chairman of the Department of Political and Administrative Studies at the University of Zimbabwe, the Clerk of the National Assembly in Botswana, a Professor of Law from Harvard, as well as international election-observing specialists from the National Democratic Institute.

The group travelled to seven different regions of the country, including the capital, Windhoek, Ovamboland, Kavango, Damaraland, Mariental, Namaland and the Gobabis region. We met with government and United Nations officials responsible for the election, political party leaders and representatives of other organizations involved in the implementation of United Nations Resolution 435. As well, we met with tribal chiefs and headmen and the ordinary citizens who have such an enormous stake in what they term as their first—and perhaps their last—chance at democracy.

Our delegation examined the legal framework and administrative procedures being set in place and we provided recommendations which we hope will assist those responsible in achieving the free and fair elections that are the foundation of any democratic society.

Honourable senators, we found that an atmosphere of mistrust permeates the whole political scene in Namibia. Few

people trust the Administrator General to administer adequately and impartially the elections, and some do not trust the United Nations Transitional Assistance Group, commonly known, as I said previously, as UNTAG. We found a startling lack of communication and information about proposed election laws and procedures. Political parties seem to have no sense of participation in the process of developing those laws and procedures. An atmosphere of fear and intimidation hangs over the entire country. There has been war and violence in Namibia for a long period of time. The potential for even greater violence is present every day, particularly in the northern regions.

Our group suggested to the United Nations Special Representative that he should act quickly and decisively to assert firm supervision and control over the election process, as contemplated by Resolution 435. We felt that virtually every citizen of Namibia wanted to see the election take place on schedule. Indeed, doubts had been expressed in that regard in many regions of the country. However, to achieve that goal of meeting the scheduled date of the first week in November will require resolute leadership, much better understanding, and a spirit of cooperation hitherto not evident in that country.

Paragraph 10 of the Settlement Proposal S/12636 directs the special representative "to take steps to guarantee against the possibility of intimidation or interference with the electoral process from whatever quarter." The present atmosphere of suspicion and anxiety has intimidated individual voters to such an extent that many feel they will not be able to cast their ballots freely and with confidence or that their votes will remain secret. Some of the allegations and reports included the burning of crops and houses, threats of child abduction, and the politicization of the educational process, where some 180,000 children have been out of school in Ovamboland for the past several weeks.

Despite the official disbanding of the counterinsurgency police force, Koevoet, the apparent assimilation of the units of that force into existing forces has clearly not removed the threat that citizens feel. The fear of Koevoet looms large in the minds of citizens. No factor contributes more to the atmosphere of intimidation. We urged that all remnants of the Koevoet should be removed from the South West African police force immediately.

Shortly before we arrived, a matter of perhaps two days, a commission of inquiry into intimidation was appointed by the Administrator General. This was a very useful and positive step, and we expressed the hope that the commission would interpret its mandate very broadly and investigate patterns and practices of intimidation, rather than limiting attention to individual complaints.

● (1600)

We also felt that UNTAG officials must take more decisive action to ensure that all complaints of intimidation receive prompt and thorough attention from SWAPO, as well as the Commission on Intimidation and prosecutors and magistrates.

Honourable senators, 60 per cent of the population of Namibia is illiterate. Massive voter education through the combined forces of the Administrator General, UNTAG and the various political parties and institutions is essential. In that respect, our specialists offered several useful recommendations.

Those charged with the responsibility of running the election are faced with an enormous challenge. We commend their attention and efforts to design a process that will withstand the strictest scrutiny. We reviewed the proposed methods of voter registration, election procedures and the counting of votes. We paid particular attention to the draft registration law and to the planning under way by the Administrator General's Office.

We found, regrettably, that the planned mechanisms for registration, voting and the counting of ballots were unnecessarily complex and time-consuming. The proposed process creates a perceived risk of manipulation and potential abuse. We offered several recommendations with respect to the decentralization of registration, voting and counting.

Public confidence in the efficiency and integrity of the election process is fundamental to the goal of free and fair elections. Essential to establishing and maintaining that public confidence is faith that those who administer and enforce the election laws will be strictly impartial and vigilant.

In Namibia, for a variety of reasons, some historical, we found that a wide spectrum of the electorate does not believe that the upcoming election can be administered fairly. No matter how good the intentions, this lack of confidence is a serious impediment to anyone's ability to conduct the process efficiently and fairly. It is also a serious impediment to assuring a peaceful acceptance of the results of the election, since it invites charges of fraud and manipulation of the results. Our delegation therefore recommended the establishment of an independent election commission. Such a commission would be responsible for the administration of all aspects of the election process. Its members should be appointed by the Administrator General, subject to the approval of the special representative. It is critical that the appointees to the commission be universally regarded as individuals of unquestioned integrity.

Election commissions are common throughout the world. They exist primarily to ensure public trust in the system. If this simple step were taken in Namibia, it would, in itself, greatly enhance the likelihood of free and fair elections.

During the next few weeks—the process has just started—anywhere from 40,000 to 60,000 exiled Namibians will be returning to their home country under the new amnesty laws which were promulgated last week. Discriminatory legislation was also repealed. Both these steps broke a log jam of long standing.

During our stay in Namibia we visited two of the camps where returnees will be processed. The Council of Churches in Namibia has played a key role in the establishment of those centres and should be commended for its efforts.

In Namibia Resolution 435 is the code for everything. There have been 435 sales, parties, dances and rock festivals. There is a story of a 15-year old girl who comes from an iron-age culture and has never been to school. She wants to become a nurse and she firmly believes that will be possible because of 435. To hundreds of thousands of Namibians 435 is the secret to everything they want in life. All they want is a stable society where they can get on with their lives. The most important ingredient in achieving that goal is the human will to succeed on the part of all concerned.

The role being played by the representatives of the United Nations is crucial. We heard in some regions that more UNTAG personnel were needed on an urgent basis. As honourable senators know, the original United Nations budget was cut from \$600 million (U.S.) to \$416 million (U.S.), and the size of the force from 7,500 to 4,650. Strategic planning, efficiency and the proper deployment of human resources are essential; but if it becomes apparent that more help is needed then Canada should be a leading advocate and willing participant. If those responsible do not get it right this time, the United Nations may not have another Namibia to save in the future.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until Tuesday, June 20, 1989, at 2 p.m.

APPENDIX

(See p. 281)

SCRUTINY OF REGULATIONS

FIRST REPORT OF STANDING JOINT COMMITTEE

TUESDAY, June 13, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

FIRST REPORT

Your Committee reports that in relation to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, the Committee was empowered during the Fourth Session of the Thirtieth Parliament, the Thirty-First, Thirty-Second and Thirty-Third Parliaments "to study the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation - including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee for the Scrutiny of Regulations."

Your Committee recommends that the same order of reference together with the evidence adduced thereon during the last four Parliaments be again referred to it.

Your Committee informs both Houses of Parliament that the criteria it will use for the review and scrutiny of Statutory Instruments are the following:

Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgement of the Committee:

1. is not authorized by the terms of the enabling legislation or has not complied with any condition set forth in the legislation;

2. is not in conformity with the *Canadian Charter of Rights and Freedoms* or the *Canadian Bill of Rights*;

3. purports to have retroactive effect without express authority having been provided for in the enabling legislation;

4. imposes a charge on the public revenues or requires payment to be made to the Crown or to any other authority, or prescribes the amount of any such charge or payment, without express authority having been provided for in the enabling legislation;

5. imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;

6. tends directly or indirectly to exclude the jurisdiction of the courts without express authority having been provided for in the enabling legislation;

7. has not complied with the *Statutory Instruments Act* with respect to transmission, registration or publication;

8. appears for any reason to infringe the rule of law;

9. trespasses unduly on rights and liberties;

10. makes the rights and liberties of the person unduly dependent on administrative discretion or is not consistent with the rules of natural justice;

11. makes some unusual or unexpected use of the powers conferred by the enabling legislation;

12. amounts to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment;

13. is defective in its drafting or for any other reason requires elucidation as to its form or purport.

Your Committee recommends that its quorum be fixed at four (4) members, provided that both Houses are represented whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings to receive and authorize the printing of evidence so long as three (3) members are present, provided that both Houses are represented; and, that the Committee have power to engage the services of such staff, and such stenographic and clerical staff as may be required.

Your Committee further recommends that it be empowered to sit during sittings of the Senate.

Respectfully submitted,

MICHEL COGGER
Joint Chairman

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THE SENATE OF CANADA
PROGRESS OF LEGISLATION
(2nd Session, 34th Parliament)
Tuesday, 13th June, 1989

GOVERNMENT BILLS
(HOUSE OF COMMONS)

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)

First reading, May 4, 1989. Second reading and referral to National Finance Committee, May 18. Report from Committee (without amendment), June 13.

BILL C-14

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990

First and second readings and referral to National Finance Committee, May 9, 1989. Report from Committee (with one amendment), adoption of Report and third reading, as amended, May 11. Message from Commons disagreeing with Senate amendment, May 15. Referral of Message to National Finance Committee, May 16. Report from Committee (the Senate does not insist on its amendment) and Royal Assent, May 17. *Chapter 1, 1989.*

GOVERNMENT BILLS
(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

SENATORS' PUBLIC BILLS

BILL S-3

An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons) (Senator Marshall)

First reading, May 15, 1989. Bill ruled out of order and withdrawn, June 13.

BILL S-4

An Act to amend the War Veterans Allowance Act (Residence in Canada) (Senator Marshall)

First reading, May 15, 1989. Bill ruled out of order and withdrawn, June 13.

BILL S-6

An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act (Senator Haidasz, P.C.)

First reading, May 18, 1989.

SENATORS' PRIVATE BILLS

BILL S-5

An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec (Senator Cogger)

First reading, May 18, 1989.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

WEDNESDAY, JUNE 14, 1989

BANKING, TRADE AND COMMERCE

256-S2:00 p.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

OFFICIAL LANGUAGES (Joint)

371-WB3:30 p.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

ENERGY AND NATURAL RESOURCES

257-E.B3:30 p.m.

*Pursuant to Section 69 of the Rules of the Senate, the
Committee will hold an organization meeting*

THURSDAY, JUNE 15, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S9:00 a.m.

TERRORISM AND PUBLIC SAFETY (Special)

256-S6:00 p.m. (*In Camera*)
7:00 p.m. (*Public Meeting*)

*Consideration of the Report of the Special Committee of
the Senate on Terrorism and Public Safety, entitled:
"Terrorism", tabled in the Senate on 10th August,
1987*

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 21

OFFICIAL REPORT
(HANSARD)

Tuesday, June 20, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, June 20, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

OFFICIAL REPORT

CORRECTIONS

Hon. Allan J. MacEachen (Leader of the Opposition): As honourable senators will recall, on Tuesday last, the day we last met, I made a speech on the Budget Speech of the Minister of Finance. On reading that speech a day or so after giving it, I became aware of a number of errors in some of the numbers. Therefore, I would like, as succinctly as possible, to put the corrections on the record.

The first error occurred on page 293, in the first column, third-last paragraph. The number should be \$199.5 billion instead of \$196 billion. In that same column, in the second-last paragraph, the number should read \$95 billion instead of \$58 billion. In the second column of the same page, in the third-last paragraph, line six, the year should read 1984-85 instead of 1985-86.

On page 294, in the first column, the second-last paragraph, the figure should read \$162.9 billion instead of \$191.5 billion. In the same column, the last paragraph, the figure should read \$95 billion instead of \$68 billion. In the second column, on the second line of that column, the figure should read \$134 billion instead of \$191.5 billion.

Honourable senators, these major errors appeared in my text, which I now correct. To the best of my knowledge, all of the other numbers are correct. However, I am sure Senator Murray will be scrutinizing my calculations and, if he finds I have made further errors, I will be happy to acknowledge them. Nevertheless, the numbers I have given are, to the best of my ability, the correct numbers, and I tell you that it is not easy to get them right when going through all of these years and all of the various renditions. I apologize to my colleagues for any inconvenience this may have caused.

[Translation]

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker pro tempore: Honourable senators, pursuant to the Privacy Act, I have the honour to table the report of the Commissioner of Official Languages for the year ended March 31, 1989.

[English]

BORROWING AUTHORITY BILL, 1989-90

FIRST READING

The Hon. the Speaker pro tempore informed the Senate that a message had been received from the House of Commons with Bill C-11, to provide borrowing authority.

Bill read first time.

The Hon. the Speaker pro tempore: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, bill placed on the Orders of the Day for second reading later this day.

FISHERIES

SECOND REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Jack Marshall: Honourable senators, I have the honour to present the second report of the Standing Senate Committee on Fisheries, which report requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

The Hon. the Speaker pro tempore: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix, p. 321.)

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Marshall, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIRST REPORT OF COMMITTEE TABLED

Hon. Lorna Marsden: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Social Affairs, Science and Technology respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

OFFICIAL LANGUAGES

FIRST REPORT OF JOINT COMMITTEE PRESENTED AND ADOPTED

Hon. Dalia Wood, Joint Chairman of the Standing Joint Committee on Official Languages, presented the following report:

Tuesday, June 20, 1989

The Standing Joint Committee on Official Languages has the honour to present its

FIRST REPORT

Your Committee recommends:

That the quorum of the Standing Joint Committee of the Senate and the House of Commons on Official Languages be six members, whenever a vote, resolution or other decision is taken, so long as both Houses, the government and the opposition are represented, and that the Joint Chairmen be authorized to hold meetings, to receive evidence and authorize the printing thereof, when four members are present so long as both Houses, the government and the opposition are represented.

Respectfully submitted,

DALIA WOOD
Joint Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

Senator Wood: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(f), I move that this report be taken into consideration now.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I wonder if I may ask a question. It may be a small point and it may be of no consequence, but it says in the motion "when four members are present so long as both Houses, the government and the opposition are represented." Surely, you mean a supporter of the government. I am sure you do not want a member of the government present to constitute a quorum.

Senator MacEachen: Oh, no!

Senator Doody: You people are not encouraging that sort of thing, are you?

Motion agreed to and report adopted.

REPORT OF JOINT COMMITTEE TABLED

Hon. Dalia Wood: Honourable senators, pursuant to rule 84, I have the honour to table the report of the Standing Joint Committee on Official Languages respecting the expenses

[Senator Marsden.]

incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH REPORT OF COMMITTEE PRESENTED

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I notice that Senator LeBlanc is now in the chamber. I have two reports which I was prepared to present on his behalf, but I hesitate to take his responsibilities from him.

Hon. Roméo LeBlanc: Honourable senators, I thank my colleague for his courtesy. Unhappily, we did not have time to consult before we stepped into the chamber.

Honourable senators, I have the honour to present the following report:

Tuesday, June 20, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWELFTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Tuesday, June 13, 1989. The said budget is as follows:

Professional and Other Services	\$32,000.00
Transportation and Communications	700.00
All Other Expenditures	1,000.00
TOTAL	\$33,700.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

THIRTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, June 20, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22. The said budget is as follows:

Professional and Other Services	\$37,912.00
Transportation and Communications	13,463.00
All Other Expenditures	2,370.00
TOTAL	\$53,745.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTER-PARLIAMENTARY UNION

EIGHTY-FIRST INTER-PARLIAMENTARY CONFERENCE,
BUDAPEST, HUNGARY—NOTICE OF INQUIRY

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Tuesday next, June 27, I will call the attention of the Senate to the Eighty-first Inter-Parliamentary Conference held at Budapest, Hungary, from March 13 to 18, 1989.

[Translation]

LEBANON

CURRENT SITUATION—NOTICE OF INQUIRY

Hon. Pierre De Bané: Honourable senators, with leave of the Senate and notwithstanding Rule 44(2), I give notice that later this day I will call the attention of the Senate to the situation in Lebanon.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Some Hon. Senators: Agreed.

● (1410)

[English]

NATIONAL DEFENCE

EXTENSION OF DEADLINE FOR PRESENTATION OF SPECIAL
COMMITTEE REPORT—NOTICE OF MOTION

Hon. Henry D. Hicks: Honourable senators, I give notice that on Thursday next, June 22, 1989, I will move:

That, notwithstanding the Order of the Senate adopted on Wednesday, 5th April, 1989, the Special Committee of the Senate on National Defence be empowered to present its final report no later than Tuesday, 31st October, 1989.

Senator Doody: Surprise!

ENERGY AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE
SERVICES

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY
ROLE OF PETRO-CANADA

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March, 1990.

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY
DOCUMENT ENTITLED "ENERGY AND CANADIANS INTO THE 21st
CENTURY: A REPORT ON THE ENERGY OPTIONS PROCESS"

Hon. Dan Hays: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process," tabled in the Senate on 16th August, 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein; and

That the Committee present its final report no later than 30th June, 1990.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE
SERVICES

Hon. Sidney L. Buckwold: Honourable senators, I give notice that tomorrow, Wednesday, June 21, 1989, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 76(4) be suspended in relation thereto.

Honourable senators, I should like to give a word of explanation. As honourable senators are fully aware, your committee has been studying the implications of the Free Trade Agreement and other trade-related developments for Canadian financial institutions. We have already had several good hearings, and we have scheduled as our witness for today Dr. Richard Cooper, who at one time was the Undersecretary for Foreign Affairs in the Department of the Secretary of State of the United States of America.

He has written extensively in this field and we are anxious to be able to take full advantage of his presence as a witness before the committee this afternoon.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—REQUEST FOR RECONSIDERATION OF DECISION—NOTICE OF MOTION

Hon. M. Lorne Bonnell: Honourable senators, I give notice that on Thursday next, June 22, 1989, I will move:

That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only National Defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.

SOCIAL AFFAIRS, SCIENCE, AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. Lorna Marsden: Honourable senators, I give notice that on Wednesday next, June 21, 1989, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

[Senator Buckwold.]

CHILDHOOD POVERTY

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY RELATIONSHIP TO SOCIAL PROBLEMS IN ADULT LIFE

Hon. Lorna Marsden: Honourable senators, I give notice that on Wednesday next, June 21, 1989, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the relationship between childhood poverty and certain significant and costly social problems that manifest themselves in adult life and on measures that might better alleviate such problems; and

That the Committee present its report no later than December 31, 1989.

THE ESTIMATES, 1989-90

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) for the fiscal year ending the 31st March, 1990 (Sessional Paper No. 342-195).

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

SENATE REFORM

RANGE OF OPTIONS—FEDERAL-PROVINCIAL CONSULTATIONS—REQUEST FOR STATEMENT

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Early last May the Leader of the Government in the Senate, Senator Olson and I had an exchange on Senate reform. At that time the Leader of the Government said that he would consider the possibility of making a statement on the travels that he had undertaken on this issue to the various provincial capitals. I wonder whether he could indicate when that statement will be forthcoming.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I recall giving that undertaking, but I also recall that in a series of supplementary questions the honourable senator managed to elicit from me most, if not all, of the information

that I would have given in a formal statement. However, I will review the exchange to see if there is anything I can usefully add and I will do so; or I would be prepared, subject to the usual reservations concerning positions taken by various provincial governments, to answer further questions on the matter.

REPRODUCTIVE TECHNOLOGY

PROPOSED ROYAL COMMISSION

Hon. Lorna Marsden: Honourable senators, in the Speech from the Throne the government announced a commitment to establish a royal commission on reproductive technology. There is no item in the Estimates in support of that announcement. I wonder if the Leader of the Government in the Senate can tell us when the government plans to strike that royal commission, when it suggests that such a commission report, and how it proposes to provide the financial support for that commission.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, to take the last part of the question first, I am not sure that it is necessary to have a separate appropriation for such a royal commission. If it is, I suppose we would bring in a supplementary estimate. I believe there is a vote somewhere in the Estimates that covers this kind of contingency. For example, the Dubin inquiry could not have been foreseen when the Estimates were brought in.

● (1420)

The terms of reference for the royal commission and its composition are still under consideration by cabinet, but I expect that a decision on both of those matters will not be long delayed. It is our intention to fix a deadline within which we would expect the royal commission to hold its hearings and tender its report to the government.

SENATE REFORM

RANGE OF OPTIONS—TRIPLE-E SENATE—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I have a supplementary question to the question asked by Senator Fairbairn. The question that was asked some weeks ago about Senate reform was to find out what the federal government's position was respecting the action that the Government of Alberta was anticipating taking at that time—that is, having an election for a nomination. Now, we know that the Alberta government has stated—I think I am right, although I am not absolutely sure—that it intends to bring in a bill this session that will be essentially the same as the previous bill respecting this matter.

At the time the Leader of the Government, who is also the Minister of State for Federal-Provincial Relations, declined or refrained—whichever is the right word—to state what the federal government's position was respecting this and other matters of Senate reform, like their position on Triple-E and

so on. Perhaps he could give us a reply to that now, since it has come back to the surface.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, the bill in question died on the order paper at the dissolution of the Alberta legislature several months ago. I have seen, as the honourable senator has, reports to the effect that the Getty government intends to bring an identical or similar bill back into the legislature during this session.

One of the matters at issue—and it is a purely local matter—has to do with having the election on the same day as municipal elections are held in Alberta. My friend will be aware that that provision is the subject of some controversy in that province.

It is not factual to state that I have refrained from stating the position of the government on the general proposition. It would be premature to comment on the bill, but the Prime Minister has stated, and I have said on several occasions, that the Meech Lake Accord, which has an interim appointment procedure pending comprehensive Senate reform, provides that the Government of Canada will fill Senate vacancies from among names—plural—which will be recommended by provincial governments.

With respect to the proposition that some process, whether electoral or otherwise, in Alberta or any province would produce only one name, that, of course, would not meet the requirements of the Meech Lake Accord. So, with respect to any Senate vacancy in Alberta, we will be expecting names—plural—to be submitted by the government of that province.

Senator Olson: Does “names—plural” mean five names? I think the Prime Minister indicated that he expected a list of some five names. If the Government of Canada received a list of the top five candidates who received the largest number of votes in the plebiscite or electoral process which he talked about, would that meet the requirements of the Government of Canada under the Meech Lake agreement? I will not call it the “accord”, because I understand there was an agreement between the first ministers at Meech Lake, when they came out with the other provisions amending the Constitution, that until all of their proposals were ratified they would accept nominations from provincial premiers, provided there were five such nominations.

Well, the Premier of Alberta has since taken the position that he will submit a name or the names of people who have been subjected to a vote by the electorate in Alberta. Does that meet the requirements of the federal government?

Senator Murray: Honourable senators, the proposal put forward by the honourable senator is more than somewhat hypothetical. I would like to see what the legislation provides for before making any further comment. On this point, the Meech Lake Accord does not specify a particular number of names.

Senator Olson: There is an agreement—

Senator Murray: No, there is no agreement. I think the Prime Minister suggested five names, but the relevant provi-

sion of Meech Lake is that one name must be suitable to the federal government. Therefore, it could be five names, two names, 25 names or 250 names submitted. The requirement is that there must be one name that is suitable to the Government of Canada.

Senator Olson: Honourable senators, that brings us to the guts of the question: Suppose that someone of a political persuasion other than that of the Government of Canada—in other words, a good Liberal, a good NDP-er—

Senator Barootes: Not a good NDP-er!

Senator Olson: —or perhaps a good member of the Reform Party—ran and got the highest number of votes in the electoral process that the Premier of Alberta is talking about.

Would that meet what the Leader of the Government now says is the requirement, that there must be a name that is acceptable to the federal government? Is the government going to defy the wishes of the majority of the electorate who choose to vote in this electoral process?

Senator Murray: Honourable senators, there is nothing either explicit or implicit in the Meach Lake Accord to the effect that the nominees must be supporters of the Progressive Conservative Party or of the government. Naturally, we are delighted when they turn out to be, but we would not have expected the then NDP Premier of Manitoba to submit anything but the names of NDP supporters, given the opportunity—indeed, we would have regarded it as heroic virtue to have done so.

Senator Olson: Honourable senators, I do not see why the Leader of the Government does not answer the question. I will put it as plainly and as simply as I can: If someone other than a Progressive Conservative supporter were to win the election, would that be an acceptable name to the Government of Canada?

Senator Murray: Honourable senators, that is wildly hypothetical, especially in Alberta.

Senator Olson: You'll see!

CHINA

POLITICAL SITUATION—EFFECT ON BILATERAL EXCHANGES—
REQUEST FOR STATEMENT ON GOVERNMENT POLICY

Hon. Jeremiah S. Grafstein: Honourable senators, last week the Leader of the Government undertook, upon his being briefed by the Canadian ambassador, to apprise the Senate of events in China so that senators could be informed of his, and perhaps the government's, views.

Based on press reports, it is clear that events in China are deteriorating. I think the Senate would appreciate an indication from the Leader of the Government in the Senate of when he might be able to make a fulsome statement so that senators could comment on it.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable

[Senator Murray.]

senators, Ambassador Drake met with members of the cabinet yesterday. My colleague, Mr. Clark, Secretary of State for External Affairs, has indicated that there is a consultative process taking place in the country, involving not only officials of the government but experts and interested parties, on the question of Canadian-Chinese relations. I rather doubt that he will make any definitive policy statement until that process is concluded.

• (1430)

I will consult with him to ascertain whether, in the meantime, there is any further information I can give the Senate and, in any case, to ascertain when we might expect a further statement on his part. I certainly would not want to anticipate my colleague.

Senator Grafstein: Events in Canada and in China are moving very rapidly. A number of exchanges and agreements from a cultural, educational and economic standpoint are in a position of shift and change. It would be helpful to the Canadian public if the other place or the Leader of the Government in the Senate could give interim views in order to suspend any precipitate action that Canadians might be taking with respect to collective or individual relationships with China.

Senator Murray: Honourable senators, I am sure my friend has been following from the beginning the statements made by my colleague, Mr. Clark. As it happens, in the measures it announced and took, Canada was out in front of a number of other countries. Indeed, those other countries—Commonwealth and western countries—have since followed suit.

A number of decisions have been announced and taken with regard to the negotiation of agreements with China and respecting Chinese students and others who are now in Canada. There can be no doubt of our position on the oppressive measures taken by the régime in that country. It is no part of our desire to isolate China from the international community, but we are considering the entire range of our bilateral relationship with China. We will have a further statement to make after we have given it full consideration and monitored the situation in China for a time.

Senator Grafstein: My concern is that precipitate moves might in fact isolate China and muffle or foreclose any of the voices of moderation that exist in China at the present time. I would just bring that to the Leader of the Government's attention.

NATIONAL DEFENCE

CLOSURE OF CFB SUMMERSIDE, P.E.I.—PROTESTERS'
PARLIAMENT HILL DEMONSTRATION—MEETING WITH
MINISTERS

Hon. M. Lorne Bonnell: Honourable senators, yesterday 400 Prince Edward Islanders arrived on Parliament Hill, coming by bus and plane, to protest the closing of Canadian Forces Base Summerside.

Would the Leader of the Government in the Senate advise us if any member of the cabinet or Privy Council met with that group of Prince Edward Islanders to give them a decision on whether or not Canadian Forces Base Summerside will be closed?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe that my colleagues, Elmer MacKay, the Minister of Public Works and minister responsible for ACOA, and Mary Collins, the Associate Minister of National Defence, did meet yesterday with the delegation from Prince Edward Island, at which time the ministers confirmed the decision taken by the Department of National Defence, following the budget, to phase out the Summerside base. They also confirmed the willingness and readiness of the Government of Canada to work with the provincial government and the community to ensure that the adjustment to this process is smooth, that economic problems resulting from it will be alleviated as much as possible, and that we make a concerted joint effort to find alternative employment for those who are displaced. All that, I believe, was done by my colleagues yesterday with the delegation from Prince Edward Island.

I made the same point in a personal meeting I had with Premier Ghiz approximately ten days ago. Also, our officials have met with Premier Ghiz and with officials of the Government of P.E.I. in Charlottetown within the past week in an effort to begin this process.

TOURISM

PRINCE EDWARD ISLAND—STATUS OF FEDERAL-PROVINCIAL AGREEMENT

Hon. M. Lorne Bonnell: Honourable senators, I have another question concerning Prince Edward Island. Could the Leader of the Government advise me if there is any doubt about the possibility of an earlier agreement regarding tourism being signed between the federal and provincial governments?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I do not have any information on that matter. I shall have to consult my colleague, Mr. MacKay.

[Translation]

TRANSPORT

REBUILDING OF TRANS-CANADA HIGHWAY IN NEW BRUNSWICK—NEGOTIATIONS BETWEEN PROVINCE OF NEW BRUNSWICK AND FEDERAL GOVERNMENT

Hon. Eymard G. Corbin: Honourable senators, a few months ago, I asked the Leader of the Government in the Senate about the negotiations between the province of New Brunswick and the federal government for the purpose of rebuilding the Trans-Canada Highway in that province. I imagine the Leader of the Government will recall the occasion.

Lately, we heard the Minister of Transport, Mr. Benoît Bouchard, say in the other place that New Brunswick should

make up its mind and either opt for maintaining passenger rail services in the province or improving the Trans-Canada Highway. This statement by the Minister of Transport certainly did not sit well with the people of New Brunswick.

Today I would like to ask the Leader of the Government if negotiations between Premier McKenna or his Minister of Transport and their federal counterparts are continuing and whether the negotiations are aimed at setting up a program for rebuilding the Trans-Canada Highway in New Brunswick, which has now become a killer strip.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, all decisions regarding the Trans-Canada Highway in the province of New Brunswick must be taken within the framework of a national policy in this respect. The government is waiting for the results of a study on the Trans-Canada Highway from coast to coast.

Until the results are available, no decisions will be made regarding any one province.

Senator Corbin: Honourable senators, I don't think this kind of answer is satisfactory. When my party was in power, when we had ministers like Roméo LeBlanc who was responsible for programs in New Brunswick, we negotiated agreements with the Conservative government of the time in New Brunswick for rebuilding sections of the Trans-Canada Highway that were no longer up to national or local standards, sections that had become veritable killer strips. The Honourable Jean-Maurice Simard who is sitting on the other side will recall that we implemented programs worth millions of dollars to improve the situation around the city of Edmundston.

The government of the time did not wait for a national policy. People are dying, the highways have become killer strips, and I fail to see why we should wait for a national policy to remedy the situation on those sections that have become unsatisfactory on all counts. I say this at a time when the summer holidays are almost here. The number of drivers on New Brunswick's highways doubles and triples during the summer. These are people from Québec, Ontario and the United States who come and spend their tourist dollars in our province, and they cause the traffic overload which the highways can no longer absorb. The net result is that people keep getting killed. Is this perhaps enough to get the government to take some kind of action? This is not to say we disagree with the need for a national policy.

Senator Murray: Honourable senators, it is not as though the federal government and New Brunswick had no agreement at all concerning highways. A few years ago, the present government signed a new agreement with the previous government in New Brunswick. I don't have the exact figures but it was a major agreement. Road improvement in New Brunswick is continuing. All I can say is that as far as the Trans-Canada Highway is concerned, no decision will be made until we receive the findings of a study on our national policy. This is a very important matter. The project will cost billions of dollars. We are now talking about seven or eight billion dollars to do

what is necessary. The Hon. Senator certainly knows that the Government must deal with financial problems. So prudence dictates that we wait for the results of our study to formulate a comprehensive policy on the Trans-Canada highway.

NATIONAL POLICY

Hon. L. Norbert Thériault: I would have a supplementary question to the one asked by my colleague. If I correctly understand the answer given by the Government Leader in the Senate, he is waiting for the results of a national study.

I wonder why, if that is the case, the Minister of Transport went to Saint John, N.B. and said that the Government and New Brunswick would have to choose between VIA Rail and the Trans-Canada Highway. Is that not an announcement of a national policy? Will the same national policy apply throughout the country? Will the Government and the provinces have to choose between VIA Rail and the Trans-Canada Highway?

Hon. Lowell Murray (Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)): Honourable senators, all my colleague Benoît Bouchard meant is that "to govern is to choose."

Senator Thériault: Honourable senators, does that mean that the present government's choice for New Brunswick and the Atlantic provinces is different from the choice for the rest of the country?

Senator Murray: Honourable senators, I draw my friend's attention to the considerable amounts already spent in New Brunswick, especially on roads.

Senator Thériault: Honourable senators, I draw the attention of the Leader of the Government to the fact that before last year's election, Mr. Bouchard and the Prime Minister both said in New Brunswick that the Trans-Canada Highway in New Brunswick was the country's lifeline.

Senator Murray: We are conducting a special study with New Brunswick specifically on the Trans-Canada Highway in that province so that we are ready as soon as the comprehensive study on the Trans-Canada Highway throughout the country is received.

Senator Thériault: So, honourable senators, if the Government's motto is "to govern is to choose," it is time to choose.

● (1440)

[English]

THE CONSTITUTION

MEECH LAKE ACCORD—PROPOSITION ON TIME LIMIT— GOVERNMENT POSITION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government on the subject of Meech Lake. In the June 19 edition of the *Globe and Mail* Mr. Gordon Robertson made a proposition about the time limit on Meech Lake, based, if I understand it properly, on the fact that there is no time limit provided in the Constitution for amendments made under section 41; only for those made under section 38(1). He is

quite right in that if you read section 39, which is the time limit section, it mentions only subsection (1) of section 38.

Of course, there are some amendments in the Meech Lake Accord that could be considered as having been made under section 38(1), which leads one to question whether it is necessary to use the highest form for every package. However, if there are some that would apply under section 38(1), then they would already have met the time limit required by section 39.

I should say also that Mr. Robertson proposes that the matter be referred to the Supreme Court of Canada for clarification.

My first question for the Leader of the Government in the Senate is whether the government has any response to that proposition; whether the government feels that the proposition is correct and that, therefore, there is no urgency for the adoption of the package by the legislatures of all of the provinces.

My second question is whether the government is considering referring a question to the Supreme Court of Canada about the proposition.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, Mr. Robertson had made the same point in a public speech quite a few months ago, so we were aware of his opinion on that matter, which, coming as it does from an eminent constitutional authority, must be treated with considerable respect. Opinion is divided on the matter, but I must say, as I believe I have told the house on previous occasions, the advice of our legal experts is, however, that, because some of the proposed amendments in the Meech Lake Accord would fall under the time limit and because it is a package that is being proposed, the June 1990 deadline does apply.

Also, because there is a year still to go and because eight of the provinces with 93 per cent of the Canadian population, together with the Parliament of Canada, have already ratified the Meech Lake Accord, we would not see much point in referring the matter to the Supreme Court of Canada.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have delayed answers to a number of questions. I will identify the questions and the questioners and, if honourable senators wish me to, I shall read the answers; otherwise, I ask that they be printed as part of today's proceedings.

AGRICULTURE

GRAIN FARMERS—REDUCTION IN FINANCIAL ASSISTANCE— NATURE OF CONSULTATIVE PROCESS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 2 last by the Honourable Senator Argue respecting Agriculture—Grain

Farmers—Reduction in Financial Assistance—Nature of Consultative Process.

(The answer follows:)

Full discussions with the provinces will be carried out as changes are made to the Crop Insurance Program, as indicated in the budget. These changes will affect only the allocation of costs between the federal and provincial governments and will, in no way, affect the assistance provided to farmers.

The three federal ministers who share the responsibility for agriculture are constantly consulting with individual farmers, leaders of farm organizations, and provincial ministers. These consultations provided them with the necessary input from the farm community in making decisions about the budget.

THE ENVIRONMENT

DESTRUCTION OF PCBs—REPORTED QUEBEC-ALBERTA AGREEMENT—REQUEST FOR TRANSPORTATION DETAILS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 10 last by the Honourable Senator Kenny respecting The Environment—Destruction of PCBs—Reported Quebec-Alberta Agreement—Request for Transportation Details.

(The answer follows:)

Because of a backlog of solid wastes waiting for destruction at the PCB waste facility in Alberta, the Alberta Government decided not to store any of the St-Basile PCB wastes at the facility prior to their being destroyed.

To follow such a decision, it would mean the St-Basile wastes would have to be completely re-packaged and shipped to Alberta in several batches over a period of 11 months to avoid any on-site storage, with the containers of liquid waste being separated from the solid waste containers and shipped first.

Since the containers have already been packaged and thoroughly inspected by Transport Canada to ensure the federal transportation of Dangerous Goods Regulations were strictly enforced, Environment Quebec is considering exporting the wastes to the U.K., France or Italy. Environment Quebec suggests it would be far more cost effective to ensure the PCB wastes are destroyed in another authorized and environmentally sound facility than to re-pack the complete load.

Please note the most recent amended regulations governing the transport of PCBs, and materials, equipment and articles contaminated with PCBs is attached.

AGRICULTURE

TANZANIA—GOVERNMENT WHEAT ENHANCEMENT PROGRAM

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 16 last by the Honourable Senator Olson respecting Agriculture—Tanzania—Government Wheat Enhancement Program.

(The answer follows:)

In 1970, the Government of Tanzania, in accordance with its priority of food security, as well as import substitution, requested Canada's assistance in the expansion of wheat production in the Hanang plains of Northern Tanzania. Wheat had long been an established crop in this area. The project was comprised of two existing farms, to which the Tanzanian government added 100,000 acres for five additional farms and ancillary services.

Canada is extremely concerned about the problems of human rights violations that occurred during the land expropriation process. Canadian representatives have taken every opportunity over the past two years (since the issue was first brought to their attention) to raise it with Tanzanian officials. We will continue to do so vigorously at all levels.

CIDA has taken a number of practical measures to assist the displaced Barabaigs who inhabited the area. Canadian initiatives have helped to rehabilitate watering points for their cattle; the water component of the wheat farm project specifically addresses the pastoralists' needs. The Canada Fund at the High Commission has supported two school construction projects for Barabaig children. They are already attending farm schools in increasing numbers and, with their parents, they are also being seen at farm dispensaries. Furthermore, a Barabaig spokesman has conveyed a message from the elders to the effect that Canada should not withdraw from the wheat project, as it has brought benefits to them, and they would appreciate further CIDA assistance.

In general terms, after 15 years of continuous CIDA support and training, Tanzanians are beginning to take control of the operations and management of their farms, permitting a rapid phase-down of Canadian technical assistance. Tanzanian competence can be judged by production levels which are comparable to those on our Prairies, the expected output this year being 50,000 tonnes, or about 40 per cent of the country's needs.

HEALTH AND WELFARE

FEDERAL ADVISORY COUNCIL ON AIDS—APPOINTMENT OF CHAIRMAN—FUNDING

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 18 last by the Honourable Senator Haidasz respecting Health and Wel-

fare—Federal Advisory Council on AIDS—Appointment of Chairman—Funding.

(The answer follows:)

On February 20, Dr. Norbert Gilmore submitted his resignation as Chairman of the National Advisory Committee on AIDS (NAC-AIDS). Upon receipt of Dr. Gilmore's resignation, the Minister of National Health and Welfare asked Dr. Norman D. Lapointe to accept the chairmanship of NAC-AIDS on an interim basis.

Dr. Lapointe is the leading paediatrician specializing in HIV infection and AIDS in Canada. He is internationally recognized and has completed an AIDS sabbatical at the University of Miami and has been a consultant to the World Health Organization of AIDS related work. His current position is Chief of Immunology, Allergy, and Rheumatology at the Hôpital Ste-Justine in Montreal.

With respect to the future of NAC-AIDS, the Minister of National Health and Welfare has decided to re-examine the mandate and operation of the Advisory Committee and feels that its membership should be expanded to include the non-scientific and non-medical sectors which are involved with AIDS issues.

With respect to your reference to the level of funding, the government has committed \$168 million to Federal AIDS initiatives through to the end of 1993.

AGRICULTURE

WESTERN CANADA—DROUGHT RELIEF PROGRAM— MONITORING OF SITUATION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on May 30 last by the Honourable Senator Olson respecting Agriculture—Western Canada—Drought Relief Program—Monitoring of Situation.

(The answer follows:)

The final 1988 yield data on which the Canadian Crop Drought Assistance Program (CCDAP) payment rates are being based was not available until late May 1989. Because of the urgency of the needs of producers affected by the 1988 drought, the federal government made the decision to provide interim assistance, based only on preliminary data, to producers in those areas of Canada hardest hit by the 1988 drought.

To avoid the risk of overpayment, producers from townships hit with severe or moderate drought were eligible for interim assistance; while producers least affected by drought were eligible only for the final CCDAP payments.

Although producers whose acreage is outside the severe and moderate townships could not be provided with interim assistance, they remain fully eligible for a final payment if final data indicates yield losses in their township high enough to trigger a CCDAP payment. It should

[Senator Doody.]

be noted that final payments will be adjusted to reflect funds received as interim assistance to ensure equitable treatment for all participating producers.

TURKS AND CAICOS ISLANDS

STATUS OF REPORT—REQUEST FOR COPY

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 13 last by the Honourable Senator Guay respecting the Turks and Caicos Islands—Status of Report—Request for Copy.

(The answer follows:)

At Secretary of State for External Affairs' (SSEA) request, an examination of Canada's relationship with the Turks and Caicos Islands was carried out in 1987 by a Progressive Conservative Committee. It concluded that it would be inappropriate for the Government to take any initiative on the question of association with the Turks and Caicos Islands, a British dependency.

The Daubney Committee recommended that the Canadian private sector consider investing in the Islands, based on its own assessment of the commercial opportunities and risks involved. Trade between Canada and the Turks and Caicos Islands is small, and the modest Canadian investment there is primarily in the tourism sector.

There is continued interest within the Canadian private sector in pragmatic measures for the enhancement of trade, investment and other appropriate economic cooperation with the Turks and Caicos Islands. Consequently, as a follow-up to the Daubney Committee's report, the Canadian Government thus considered it desirable to have an assessment of how this could be furthered.

For this reason, SSEA engaged Mr. Dan McKenzie, former MP for Winnipeg-Assiniboine, to carry out a study. The objective is to provide an assessment of the most effective and efficient methods of increasing trade and investment, and how such private sector activities might best be facilitated by the public sector. Mr. McKenzie is an experienced Parliamentarian who has had a strong interest in this question for several years.

Any Canadian Government support for private sector activities in the Turks and Caicos Islands would be undertaken in close consultations with all other parties concerned, including, of course, the British Government. Canada already contributes to the Islands' development through our Caribbean regional aid program.

Mr. McKenzie visited the Islands in February for discussions with representatives of the public and private sectors. It has been agreed with Mr. McKenzie that he be given additional time to permit him to carry out further discussions with Canadian firms and individuals interested in trade and investment opportunities on the Islands. On the basis of these discussions, it is anticipated that Mr.

McKenzie will submit his report, with recommendations to the SSEA by June 30, 1989. A decision as to tabling the report, or otherwise making it public, will be made by the government in due course.

• (1450)

BORROWING AUTHORITY BILL, 1989-90

SECOND READING—DEBATE ADJOURNED

Leave having been given:

Hon. C. William Doody (Deputy Leader of the Government) moved the second reading of Bill C-11, to provide borrowing authority.

He said: Honourable senators, the Borrowing Authority Bill for 1989-90 is in accordance with the Financial Administration Act, which requires that statutory authority be obtained from Parliament in order for the government to proceed with its regular statutory borrowing plan. Section 47 of the act provides for temporary, short-term borrowing. Statutory borrowing authority must be obtained from Parliament so that a regular debt program which meets the government's financial requirements may be implemented. A bill is tabled annually, therefore, with the intent of providing the government with parliamentary authority to borrow the funds it needs, as set forth in the budget. This year's Borrowing Authority Bill, C-11, is similar to the ones presented in past years. This bill proceeds directly from the information presented in the budget tabled on April 27 and follows the general practice for previous years' borrowing bills.

Allow me to outline the key provisions of the bill. Paragraph 2(1) of the bill requests borrowing authority in the amount of \$24.8 billion for fiscal 1989-90. Of this, \$21.8 billion represents borrowing requirements, made up of \$20.5 billion for the government's estimated net financial requirements, excluding foreign exchange transactions, and \$1.3 billion for forecast Exchange Fund Account earnings. The remaining amount is the usual \$3 billion reserve that has been granted over the past few years.

Traditionally, the amount of borrowing authority requested in past fiscal years has been tied to financial requirements. The actual level of borrowing, however, is also influenced by foreign exchange transactions, which include Exchange Fund Account earnings. These earnings, which until recently were relatively small, have grown rapidly in recent years as a result of the increase in Canada's official reserves, reflecting the strength of the Canadian dollar. Until recently Exchange Fund Account earnings were not large enough to merit being noted explicitly in requests for borrowing authority. Five years ago these earnings amounted to about \$300 million; in fiscal 1989-90, however, they are expected to reach \$1.3 billion. At this level of earnings it becomes necessary to recognize these additional borrowing requirements as a distinct item in the government's request for borrowing authority.

As in recent years, the borrowing authority requested in the bill includes a \$3 billion reserve to cover contingencies such as

a further buildup in official international reserves in 1989-90. Canada's official international reserves can fluctuate quite widely from month to month. During a single month, for example, reserves have increased by as much as \$2.8 billion. Increases in Canada's reserves must be financed by borrowings in the domestic market.

In paragraph 2(2) the government is asking for \$750 million of statutory borrowing authority in order to refinance borrowings undertaken in March 1989, pursuant to section 47 of the Financial Administration Act. Funds borrowed under this section require no statutory authority since they cannot be rolled over in the regular way in the authority provided by section 46. In effect, this request for \$750 million of statutory borrowing authority covers the shortfall in statutory borrowing authority in the last fiscal year.

Paragraph 3 states that on March 31, 1990, all unused borrowing authority granted by the Borrowing Authority Act, 1989-90, to the extent that unused authority exceeds \$3 billion, will be cancelled. This paragraph, in preserving the government's non-lapsing reserve into the next year, accommodates the possibility that new statutory borrowing authority may not be provided before the 1990-91 fiscal year begins.

Let me review the government's debt operations during 1988-89, including how borrowing authority for the previous fiscal year was used. The domestic debt program increased the unmatured domestic debt outstanding by approximately \$27.7 billion to \$264.7 billion. The domestic debt program financed approximately \$23.7 billion of borrowing requirements, which included Exchange Fund profits, as well as other foreign exchange transactions and a small buildup in cash balances. Domestic financial requirements, excluding foreign exchange transactions for 1988-89, it should be noted, are now estimated in the Fiscal Plan at \$22 billion; this is about \$300 million lower than was forecast in the budget of February 1988.

Marketable bonds accounted for \$11.8 billion of the total new debt issued in 1988-89. During the year, moreover, the government increased the emphasis on selling bonds by auction; auctions now account for about 60 per cent of all marketable bonds issued, up from about 50 per cent in 1987-88. This increase reflects how cost-effective this form of issuing debt has been.

The government also raised \$21.6 billion in new funds in the form of Treasury Bills during 1988-89. This was a dramatic increase over the previous fiscal year; approximately \$5.7 billion of the amount issued, however, was to replace the decline in the stock of Canada Savings Bonds, and \$5.4 billion was used to finance net requirements resulting from foreign exchange transactions.

Sales of Canada Savings Bonds during the fall-1988 campaign totalled \$15 billion; these bonds bore a coupon of 9.5 per cent. After taking account of Canada Savings Bonds which matured in 1988 and other maturities which were redeemed during the campaign, the net amount raised in the campaign was \$6.5 billion. Rising interest rates during late 1988 and early 1989, however, convinced some investors to redeem their

bonds. In a measure designed to offset this effect to some extent, the Canada Savings Bond interest rate was increased by 1 per cent to 10.5 per cent for the months of March, April, May and June; this stemmed somewhat the flow of redemptions. During fiscal 1988-89 the stock of outstanding Canada Savings Bonds declined by an estimated \$5.7 billion to under \$47 billion.

In closing I would like to call attention to the fact that all the information needed to deal with this bill is currently available. The borrowing authority requirements are set out in the budget; the bill is also related to the Estimates that have previously been tabled. The Fiscal Plan and other documents provide background information on the government's fiscal stance; Annex 7 of the Fiscal Plan provides background information on the government's debt operations; Part III of the Estimates, which deals with debt charges, has been amplified this year to provide additional information on the debt program.

Honourable senators, I commend the bill to you for second reading and I would suggest that it be referred to the Standing Senate Committee on National Finance for further study.

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I would like to adjourn the debate. It is our intention to allow the bill to go to committee tomorrow.

On motion of Senator MacEachen, debate adjourned.

[Translation]

CRIMINAL CODE

BILL TO AMEND (PARI-MUTUEL BETTING)—THIRD READING

Hon. Gérald A. Beaudoin moved the third reading of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting).

The Hon. the Speaker *pro tempore*: Is it your pleasure to adopt the motion, honourable senators?

Hon. Eymard G. Corbin: Honourable senators, does the Chairman of the National Finance Committee, Senator Leblanc, wish to speak now?

Hon. Fernand-E. Leblanc: I shall speak after you.

Senator Corbin: Honourable senators, on May 18, I used the debate on second reading of Bill C-7 in this House to express my fears and concerns about the need and justification for this legislation.

The Bill amends subsections 204(2) and 204(8) of the Criminal Code and would allow pari-mutuel betting on horse races broadcast on video.

In my statement, I mentioned the Government's responsibility to its citizens for what is generally referred to as public morality and social responsibility, which in my opinion should be reflected in its programs and its laws. Today I remain convinced of the appropriateness of my remarks, in light of the deliberations of the Standing Senate Committee on National Finance and the testimony presented to it.

At the first meeting of the Committee, the Parliamentary Secretary to the Minister of Agriculture, Murray Cardiff, and

[Senator Doody.]

the Director of the Race Track Division of the Department of Agriculture, Charles Lalonde, presented the purpose of Bill C-7 to us as the protection of present employment in the horse-racing industry and new job creation. Of course, they did not dare to present it to us as the creation and establishment of a new lottery, because that is really just what it is, under another name.

During question period (I was not the only one to ask questions), senators who wanted to find out more about the harmful effects of the Bill were given evasive answers, to say the least. The witnesses used contrived arguments and avoided answering the questions directly. Here is a quotation that illustrates this statement well:

I had said:

● (1500)

[English]

To be frank and honest, I am not, in principle, opposed to racing, I am simply saying that this legislation on the Criminal Code does not address the social responsibility of the government. In fact, the government is now making it easier for people, especially the compulsive gambler, to go to the races. Why should the government open this up?

[Translation]

Then the Parliamentary Secretary to the Minister of Agriculture, Mr. Cardiff, replied:

[English]

What has prompted this legislation is the decline in revenues for our racetracks. We have to recognize that the horse industry in Canada and racetracks in Canada provide a great amount of employment revenue and, particularly, revenue to agriculture. I am sure I do not have to emphasize the difficult times that agriculture has been facing over the past few years . . .

[Translation]

This answer, typical of those of other witnesses, clearly indicates that the witness was unwilling to answer questions concerning the social consequences and the public morality aspect of the bill. Mr. Lalonde alone admitted that there was a social cost involved, but he shifted the responsibility on to the provinces. Here is what he said:

[English]

The point I would like to make is that I certainly recognize that it is a social issue and, because the provinces take \$250 million to \$300 million in taxes every year from the horse-racing industry—and probably billions of dollars out of the lottery revenues—I think the social issues associated with compulsiveness as a disease should be addressed by provincial governments.

[Translation]

It is therefore obvious, as these two quotations show, that no consideration had been given to the harmful effects of the bill. Apparently no serious study has been made on this issue.

The June 7 committee meeting with the management of Racetracks of Canada Inc. produced results similar to those of

the first sitting. The witnesses would not answer questions directly and always referred to the argument that the bill would have an economic impact and create jobs. Here is a good example: to a question asked by Senator Atkins, and I quote:

[English]

I would like to ask what responses our witnesses today might give to the concerns that, as you are aware, these groups—

and he was referring to church groups—

will be bringing to this committee.

[Translation]

Racetracks of Canada Inc. Executive Vice-President Seiling replied:

[English]

I think I covered part of this question earlier, senator, in response to our earlier question. In my opinion, you need to look at the social benefits that our industry brings to Canada. As I said earlier, we represent many thousands of jobs...

[Translation]

Here again, the focus is always on the positive aspect of the economic benefits, while the moral and social issues are not even considered. Another witness, Mr. Bob Wright, President of Assiniboia Downs of Winnipeg, Manitoba, gave us a study of bettors' habits. The study did not deal at all with the disastrous social consequences of lotteries, gambling, pari-mutuel betting and the rest.

Witnesses representing Racetracks of Canada Inc. also described procedures and controls intended to prevent infiltration by criminal elements, implying they were practically infallible. Here again, we have no serious study on the subject. We have not even heard testimony from police officers who deal with criminal investigations on racetracks. We know things are happening out there.

Finally, at the committee's fourth sitting, the moral or ethical issues raised by Bill C-7 were discussed. Reverend John D. Hartley, a minister at St. Andrews United Church in Toronto who also spoke on behalf of the Toronto South Presbytery and the General Council of the United Church of Canada, made a remarkable presentation. Reverend Hartley explained the social consequences of gambling in general. According to him, the government has introduced legislation to legalize gambling, without any concern for the social cost and the disastrous impact on human lives.

The following reflects his concerns, and I quote:

[English]

I would really like to see a study done. That is what we are really requesting. We want to see the evidence. If we could be shown to be wrong, then that would be fine. We are asking for a study to prove us wrong. We want to see what has happened. We have seen the good side. We hear the good news about legalized gambling in Canada—which is the money and what the money goes for—but

this increases that base of gambling without our having, after 20 years, looked at what the cost is. We would like a study of actual cost, and of who is really paying the bill. It is something that we would like to see studied, before we engage in what I suggest will extend and enlarge not only the gambling practice but the fall-out of that practice right across the country, in areas which hitherto may not have had the opportunity to bet on the ponies.

[Translation]

Further on, Reverend Hartley added:

● (1510)

[English]

... government, over the last 20 years, has not seriously looked at the implications of that behaviour. It has accepted the benefits to be taken from certain behaviour and has been able to draw on all of the arguments in favour of it, but I have yet to see a report that has looked at the down side...

If we are to look at the question of ethics and moral behaviour, we must consider legal behaviour, because that is what moral and ethical behaviour eventually become. Legal behaviour is the domain of Parliament and governments.

[Translation]

For Reverend Hartley, a certain responsibility falls upon the Federal Government because it did initiate the whole legitimizing process. Together with the provinces, the Federal Government should promote (or at least is supposed to promote) the development and welfare of individuals and, I would add, of society as a whole. Is the Bill we are dealing with today likely to foster this major objective of the Government? The answer is a resounding no.

That is why a serious and all inclusive study of this issue is required after 20 years. What has been the social, economic, cultural and moral impact on the Canadian society?

[English]

Who is really paying the bill?

[Translation]

Thank you, honourable senators.

Hon. Fernand-E. Leblanc: Honourable senators, I would like to take this opportunity on the third reading of Bill C-7, an Act to amend the Criminal Code (pari-mutuel betting), to say that since 1967, when I was in the other place, I have been proposing amendments similar to this Bill. I introduced various similar bills on off-track betting, including some that were drafted by Senator Beaudoin. Maybe he remembers. They were intended to reduce illegal betting activities at race tracks and to increase federal and provincial revenues.

This Bill has the same purpose, but it is also supposed to raise the revenues of race-track operators' associations and of owners of horses. It is also meant to reinvigorate the smaller, less profitable race tracks in Québec and elsewhere in Canada.

In addition, it should harm no one in the horse-racing industry. If it has all the effects that the Government and the race-track operators' associations ascribe to it, it will be an

excellent piece of legislation. Unfortunately, we have all seen some of the best-intentioned legislation have disastrous results for the very ones it was meant to help.

I hope that Bill C-7 will not be such a bill.

Motion carried on division and Bill read third time.

[English]

(Later:)

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, His Honour the Speaker announced the passage of Bill C-7 without amendment. I take it that the formal report of the Senate will show that it was without amendment but with a recommendation.

The Hon. the Speaker pro tempore: To what recommendation is the Honourable Senator Frith referring?

Senator Frith: Honourable senators, I just want to be sure that the recommendation that appears as follows is included:

... reports the same without amendment.

Your Committee, however, makes the following recommendation:

After twenty years of government—

It is at page 155 of the *Minutes* of June 13, 1989.

The Hon. the Speaker pro tempore: Honourable senators, this is not part of the bill.

Hon. C. William Doody (Deputy Leader of the Government): No.

The Hon. the Speaker pro tempore: If it is the wish of the Senate to include that in the report to the House of Commons, then the Senate must so order that that action be taken.

Senator Frith: Honourable senators, I thought we had agreed that where there is such a recommendation it would be included in the message to the House of Commons. If that has not been established as a principle, then I would ask that the recommendation be included in the message to the House of Commons, because it does represent an important part of the opinion of the committee and is related to the committee's agreement to recommend the bill without amendment.

Senator Doody: I have no problem with that, honourable senators. The bill is one entity; the recommendation is another. They go off together to the House of Commons and that is the message from the Senate.

Senator Frith: As long as the recommendation is included in the message to the House of Commons.

The Hon. the Speaker pro tempore: I take it there is agreement in the Senate that the message to the House of Commons include the recommendation.

Hon. Senators: Agreed.

[Translation]

PRIVATE BILL

THE SAFEGUARD LIFE ASSURANCE COMPANY—SECOND READING

Hon. Michel Cogger moved that Bill S-5, an Act to authorize The Safeguard Life Assurance Company to be continued

[Senator Leblanc.]

as a corporation under the laws of the Province of Québec, be read the second time.

He said: Honourable senators, today it is my privilege to move the second reading of a bill that would allow The Safeguard Life Assurance Company to be continued under the Québec Insurance Act.

Safeguard, a company with share capital, founded in 1901, marked a milestone in Canada's and Québec's economic history when in 1962, it became the exclusive property of Québec's credit unions.

After humble beginnings, Safeguard, with \$52 million in assets, was by 1962 the largest francophone life insurance company in Canada. Today, its assets total \$798 million.

Last year, the elected directors of Mouvement Desjardins approved Safeguard's development and capitalization plan. As a result, Mouvement Desjardins has already increased the company's capital and made a commitment to future capitalization of the company.

Today, Safeguard is asking to be continued under the jurisdiction of Québec. This is a step requested by Safeguard's policy holders, shareholders and administrators, so that the company will be able to grow and prosper in a highly competitive and changing environment together with our country's financial institutions. To do so, it must be governed by a single regulatory body, the same body that already regulates all other activities of Mouvement Desjardins, namely the Inspector General of Financial Institutions of the Province of Québec.

The Minister of State for Finance at the time, the Honourable Thomas Hockin, the Superintendent of Financial Institutions, Mr. MacKenzie, and the Inspector General of Financial Institutions of Québec, Mr. Bouchard, were informed of all the details of the Safeguard project and have given the proposed legislation their support.

Honourable senators, the purpose of continuing this company under Québec jurisdiction is not to evade or reduce the present supervision of its business but to achieve greater transparency.

In fact, this step will oblige the company, in addition to complying with the regulations governing federally-incorporated insurance companies and with the Québec regulations, to comply with all requirements in all Canadian provinces, something from which companies with a federal charter are exempted.

In concluding, honourable senators, the proposed transfer of jurisdiction for Safeguard is clearly beneficial to its shareholders, customers and the general public. Consequently, I would urge honourable senators to give the Safeguard bill appropriate consideration so that the company will be able to carry out its plan as soon as possible.

Motion agreed to and bill read the second time.

REFERRAL TO COMMITTEE

The Hon. the Speaker pro tempore: Honourable senators, when shall the bill be read a third time?

On motion of Senator Cogger, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SCRUTINY OF REGULATIONS

FIRST REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Standing Joint Committee for the Scrutiny of Regulations (standing order of reference), presented in the Senate on June 13, 1989.

Senator Michel Cogger: Honourable senators, I move the adoption of the report.

The Hon. the Speaker pro tempore: Honourable senators, the Honourable Senator Cogger moved, seconded by the Honourable Senator Nurgitz, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Motion agreed to and report concurred in.

● (1520)

[English]

SECOND REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Joint Committee for the Scrutiny of Regulations (authorization to travel), presented in the Senate on June 13, 1989.—(*Honourable Senator Cogger*).

Hon. Michel Cogger: Honourable senators, I move the adoption of the report.

Motion agreed to and report adopted.

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE— DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Haidasz, P.C.*).

Hon. Stanley Haidasz: Honourable senators, I am very pleased to rise in this place this afternoon to join the interesting and enlightening discussions that we have been having recently on the health care system in Canada. In particular, I was impressed with Senator David's presentation of his researcher's report on the evolution of the cost of Canada's health care system and his motion for a Senate committee to study the matter.

As he and some of our other colleagues have mentioned, we in Canada are fortunate to have a medicare system that we can be proud of, particularly when compared to the health care system in the United States and the health care systems in other industrialized countries.

The first question our health care facilities ask patients is: "What can we do for you?" Not: "Will that be cash or charge?"

American politicians like Senator Edward Kennedy, Lee Iacocca and others struggle with the economic and social disparities inherent within the United States health care system. We have heard the horror stories—which unfortunately are true—of low-income Americans dying while going from hospital to hospital seeking someone to treat them.

Jesse Jackson evoked a stinging summation of the terrible situation facing Americans in need of health care during his address to the National Democratic Party Convention in last year's presidential election race. To paraphrase Mr. Jackson: The thousands of people who change the linen on hospital beds could not afford to lie in one of those beds if they became ill; the thousands of people who clean hospital hallways, who prepare hospital meals and who wash hospital dishes would not be admitted to the very hospitals they work in because they cannot afford the insurance that would allow them to do so.

No one in this country is being turned away from emergency departments and hospital rooms because he is poor. I don't think anyone in this country would ever be turned away from an emergency department or hospital room because he is poor. Canadians would not allow that. This is the greatest testimony to our national character which prizes universal health care as a necessity and a right, not a theoretical possibility, as in the United States at this time.

As for the evolution of hospital and medical insurance in Canada, I am especially proud of it because it has been the conviction, sensitivity and perseverance of successive Liberal governments that has guided this evolution. As a practising physician in 1951 in a working man's area of Toronto, I found it a sad experience to see so many sick people delay medical attention, drug purchases and hospital admission for serious illnesses, such as cancer and heart attacks, because they did not have medical insurance or money. That is why I decided to seek a seat in the House of Commons in 1957, and I was proud to run and win under the Liberal Party banner which brought in legislation providing a hospital and diagnostic services plan.

I should like to quote the Honourable Paul Martin, who, as Minister of National Health and Welfare, said, in 1957:

I am sure the house will recall the day when . . . the late Right Honourable W. L. Mackenzie King, on May 14, 1948 announced . . . the National Health Grants Program . . . Mr. King pointed out then that the grants provided important financial assistance to the provinces in the development of better health services for the people of Canada, wherever they might live. But their true significance and purpose . . . were, in fact, and I quote, (King's words exactly) "a fundamental prerequisite of a nationwide system of health insurance."

Ever since that time . . . this government has kept—as have others—the concept of the purpose and goal of the National Health Program in the forefront of its thinking and planning. We have laid the groundwork for what is

now being done. We have planned, stimulated and financed in collaboration with the provinces, the expansion and development of our local public health services, our skilled health personnel, our hospital plant and equipment to meet the requirements of our growing population.

Honourable senators, I truly feel that Mr. Martin's words perfectly sum up the Liberal Party's tradition initiated by Mackenzie King as far back as 1919, a vigorous participation in the evolution of our present-day health care system. The Hospital Insurance and Diagnostic Services Act received Royal Assent in April 1957, under the Honourable Mr. Martin, followed by the Medicare Act in December of 1966, under the then Minister of Health and Welfare, our colleague in the Senate, the Honourable Allan MacEachen, followed by the Health Care Act of 1984, under the then Minister of Health and Welfare, Monique Bégin.

• (1530)

I mention this in the interest of crediting the many individuals in the history of the Liberal Party who have worked so hard in the evolution of health care in Canada, but this is not to denigrate those individuals in other parties on Parliament Hill who have cared deeply for the health and welfare of Canadians.

However, nothing is perfect. Health care costs continue to increase each year. The reasons for this are varied and complex. They include new technologies which require costly and sophisticated machinery and human expertise to replace outmoded facilities. There are the increased demands on the health care system, particularly with our aging population and the increased need for extendicare services. Demographics show us that approximately 11 per cent of Canadians are currently 65 years of age and older. By the year 2021 this will have increased to 18 per cent, and our health care system must be prepared to deal with this problem and many others.

Another reason for rising health costs in Canada, of course, is the increased payments to medical personnel, nurses, and other health care technicians. Unfortunately, these payments, in some provinces in Canada, do not even keep up with the cost of living. In particular, nurses are unappreciated, overworked and underpaid, and I sympathize with those nurses in Quebec and British Columbia today who are asking for fairer remuneration for their hard work. Blaming doctors for the rising health care costs is unfair and reveals an immature way of thinking, as well as an incomplete understanding of the facts. I would not wish upon any Canadian the type of medical care that is provided in some socialized or capitalist countries.

In Canada, although health care is a provincial responsibility, it is heavily subsidized by federal funds. Even so, it is costly to the provincial governments. In Ontario health care costs consume one-third of the provincial budget. In breaking down the health care costs in Ontario for 1988-89, it was astonishing to learn that 52 per cent goes to institutions such as hospitals and nursing homes, 4 per cent to community services, 5 per cent to mental health programs, 6 per cent to emergency care and special services, 32 per cent to the Ontario Hospital Insurance Plan, and only 1 per cent to administration.

[Senator Haidasz.]

Unfortunately, the trend in the last few years has been towards less financial input by the federal government. As a result, more of the financial burden for health care is placed on the provinces. Ottawa's recent budget reflects this trend. For 1988-89, payments by the federal government toward the Established Programs Financing, which, since 1977, has replaced the previous 50-50 cost-sharing arrangement for health care, is down substantially.

Ontario's in-year "changes to revenue" in 1988-89 showed payments from the federal government for the Established Programs Financing down by \$251 million. To quote from the recent Ontario budget speech:

The federal budget further reduces Canada's commitment to the historic partnership which has supported health and post-secondary education. Previous reductions introduced by the federal government to the Established Programs Financing entitlements for Ontario amounted to approximately \$970 million last year and will be about \$1.2 billion this fiscal year. With the latest changes, the federal share of these programs will be reduced from a high of 51 per cent in 1979-80 to less than 38 per cent.

Moreover, it is estimated that the federal government has reduced its support of the EPF by \$3 billion over the last three years. That is bad news for provincial governments, taxpayers and patients.

Nationally, our health care costs in 1988 have been estimated to have been \$52 billion, which is equivalent to 8.5 per cent of the Gross National Product. We should also keep in mind that this cost breaks down as follows: hospital and institutions, \$25.8 billion; physicians' fees, \$8.4 billion; drugs, \$6 billion; and other costs, \$11.9 billion.

Of great concern to provincial governments, insurers and consumers of health is the increasing cost of prescribed and non-prescribed drugs. In 1988 the total cost of these drugs amounted to \$6 billion in Canada. It is feared that these costs, especially those of provincial drug benefit plans, are growing dangerously high and that the burden to the provincial taxpayers will be intolerable.

Insurers, even the great and rich Sun Life Assurance Company of Canada, are feeling the heavy burden of these escalating health costs, especially for medical supplement benefits that include the cost of prescription drugs.

Last week I was shocked to learn from an April 24, 1989, Sun Life information sheet, which was given to me by a friendly neighbourhood pharmacist in Toronto, that life and health insurance companies across Canada are experiencing seismic shocks to medicare supplement plans. These consumer plans, which are funded by client premiums, are encountering phenomenally large increases in drug benefit costs. The culprit is Bill C-22. Bill C-22, the statement says, was the federal legislation that provided extensive patent and pricing protection to multinational drug companies. This information sheet also revealed that very significant cost increases were applied to drug costs. Since then these large costs have increased the

private health plans of these insurance companies across the country.

A subsequent information sheet from May stated as follows:

Most provinces will have medical supplement increases on new quotes with adjustments ranging up to 30 per cent higher. The absolute main reason for the increase has been the dramatic one-year effect on drug prices from the government's Bill C-22 legislation on patent drug protection. The effect has been industry and Canada-wide. However, the worst of its impact is expected to be this year (1989).

A February 1989 Canadian Drug Manufacturers' Association brief submitted to the Commission on Selected Health Care Programs in the province of New Brunswick stated, and I quote from the brief:

• (1540)

The New Brunswick Health Department reported that prices for brand drugs purchased for the provincial health plan grew by 7.3 per cent last year while generic drugs in the same plan increased by only 2.6 per cent in the same period. The inflation rate was 4.1 per cent in this same 12-month period.

The brief goes on, at page 8, to say:

The budgetary implications for provincial governments trying to control escalating health care costs are serious as the flow of new generic drugs is "frozen" for up to ten years, because of patent exclusivity granted to the multinational brand companies under Bill C-22. Health care budgets are already strained and will become even more so, primarily because of an aging population and as drug prices continue to rise and—governments are less able to pay for the high-cost drugs. The already over-burdened provincial drug plans may be in jeopardy if controls are not exercised.

A further criticism of Bill C-22, which set up the Patented Medicine Prices Review Board to ensure that drug price increases do not exceed the rate of inflation and to monitor the entry level cost of new drugs, comes from Nick Leluk, the executive director of the CDMA. He was recently quoted in the *Financial Post* as saying: "The board has not done its job and entry level prices of new products are higher than ever."

Honourable senators, many more issues in the health care system need to be addressed, but I will not take up your time this afternoon. I would, however, mention in passing some neglected but important aspects of health care, such as prevention and health promotion. Others are the increased human misery and financial costs of what one of my medical teachers at St. Joseph's Hospital—and Dr. Barootes would recognize him, Dr. James McCollum—described as the "wages of sin" when he made his urological rounds at that hospital in the two decades after World War II.

Senator Barootes: The four decades!

Senator Haidasz: It was four decades he taught there.

These are the results, he said, of social promiscuity, a declining morality in our society—things such as syphilis, gonorrhea, chlamydia, alcoholism, drug abuse, tobacco smoking, sterilization procedures in both males and females, abortion and AIDS.

Honourable senators, in light of these problems I think it would be beneficial that the Senate committee recommended by Senator David at least examine the highlights of the critical aspects of the rise in costs in our health care system. Perhaps this committee should find out what is the cause of the decreasing federal participation in national medicare costs in each province. Perhaps the committee could also investigate whether the cuts in medicare will jeopardize or are already jeopardizing the access to and the universality of fundamental principles of Canada's health care system.

In that committee senators could ask questions such as: How will provincial governments make up the difference in decreased financial contributions on the part of Ottawa? Will they affect the quality of our health care system? I feel that these are crucial questions in the face of this complex issue. I look forward to the findings of the Senate committee. However, I would caution this committee that perhaps it will be putting too much on its plate. I recall that the Hall Royal Commission on Health spent three and a half years on that study and it cost the treasury \$1.5 million. I do not think a similar Senate budget would be available for such a study.

Honourable senators, if I might be permitted to get a little philosophical, it has been the history of mankind to strive constantly for the perfection of its inventions and innovations. That is a good thing. We may not reach the goal of perfection, but in trying to we often produce concrete improvements which make things better, if not perfect. So we in Canada must strive to further improve our health care system and to make sure that we can afford it.

I would like to state that Senator David's research report on the spiralling costs of health care in Canada vividly shows us, as do the remarks of our colleagues, Senators De Bané, Gigantès and Barootes, who spoke previously, that there are problems in Canada's health care system. I feel that a Senate committee such as that which our honourable colleague, Senator David, has proposed is one way to work towards this goal. I wholeheartedly support his proposal and eagerly anticipate the committee's recommendations.

On motion of Senator Doody, debate adjourned.

PAROLE AND CORRECTIONS

MOTION FOR TABLING OF DETENTION PROVISIONS
EVALUATION REPORT WITHDRAWN AND ORDER DISCHARGED

On the Order:

Resuming the debate on the motion of the Honourable Senator Hastings, seconded by the Honourable Senator Anderson:

That there be laid before this House copy of the Evaluation Report of detention provisions contained in

the Bill C-67, An Act to amend the Parole Act and Penitentiary Act, of the 1st Session of the 33rd Parliament, prepared for the National Parole Board and the Correctional Service of Canada and completed in September 1987.—(*Honourable Senator Nurgitz*).

Hon. Nathan Nurgitz: Honourable senators, I have had discussions with Senator Hastings on this order. I am anxious to report that Senator Hastings is satisfied that what he was seeking has been delivered to him. I asked Senator Petten to confirm that with him today, which he did.

Last week it was agreed between Senator Hastings and me that, when either one of us was next in the chamber when this order was called, he would request the consent of the Senate to have the motion withdrawn and the order discharged.

The Hon. the Speaker *pro tempore*: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion withdrawn and order discharged.

FEDERAL ELECTION, 1988

THIRD PARTY ADVERTISING—DEBATE ADJOURNED

Hon. Philippe Deane Gigantès rose, pursuant to notice of Tuesday, June 13, 1989:

That he will call the attention of the Senate to third-party advertising during the last federal election.

He said: Honourable senators, I shall not take up much of your time today and would ask for your indulgence in allowing me to then adjourn the debate until tomorrow.

I should like to address senators on the question of whether democracy can flourish when media selling techniques—similar to those used by people to sell 330 milligrams of acetylsalicylic acid under different brand names, swearing up and down all the while that their 330 milligrams of the identical substance performs better for you than anyone else's—become involved in the political process and in transmitting the ideas of political parties, not just one but all political parties, in this way.

I should like to draw to senators' attention, with the aid of the research done by Miss Christine Dearing, the question whether the information battle around the Free Trade Agreement last year was in keeping with the democratic process and whether the information battle gave the voters any possibility to inform themselves.

I should like to inform senators that both sides of the dispute failed. The media failed, and that is something that should worry both sides of this chamber and of the other House, because democracy depends upon information. One of our basic freedoms is the freedom of assembly. It has become an established right so that people can exchange information and learn. For freedom of the press, the same can be said.

These trends are dangerous, and the Senate, in its duty to give sober second thought, should examine them.

• (1550)

With the permission of honourable senators, I should like to adjourn the debate until tomorrow.

On motion of Senate Gigantès, debate adjourned.

[*Translation*]

LEBANON

CURRENT SITUATION—DEBATE ADJOURNED

Hon. Pierre De Bané rose pursuant to notice of inquiry given earlier today:

That he will call the attention of the Senate to the situation in Lebanon.

He said: Honourable senators, for 15 years Lebanon has been a bloody battlefield.

Why? Because Lebanon was the most generous and most hospitable land on this planet. That is how our history started, and since the dawn of civilization, this land has been home to many different peoples, languages, religions and cultures.

Lebanon is the land of freedom and democracy. Lebanon is the crossroads of western and eastern civilizations.

Its people are suffering because foreign elements invaded its territory to settle their differences.

At this very moment, the eastern part of Lebanon, the Christian part, has for several months been the target of Syrian gunfire. The people there now lack even the most basic necessities, and I am referring to bread, water, gasoline and food generally.

Within the last few hours, the situation in the Christian area has become extremely critical.

Quite frankly, if Lebanon disappears, an important part of our heritage will disappear with it.

Recently, there was a meeting of the Arab League in Morocco, when we had the Francophone Summit in Senegal.

The Arab League formed a committee consisting of the heads of State of three member countries, to prepare for a cease-fire. At this very moment, we can say that the efforts of the three mediating countries have failed utterly.

It is now my sad duty to inform you that the thousands of Lebanese living in the Christian part of the country are literally about to be crushed and strangled.

I say this: What are the Arab countries waiting for to step up their efforts? Do they realize that a people is dying and that its suffering is so terrible that every person of Arab origin on this planet, and I am one of them, is filled with shame and sadness? History will come down heavily on the Arab heads of State who, either by omission or commission, are responsible for the fact that this war rages on.

As for our country, I have personally informed the Prime Minister, Mr. Mulroney and his Chief of Staff, Mr. Stanley Hartt, of the extreme gravity of the situation.

I must give credit to the Prime Minister, who assured me of his very great sympathy for Lebanon's cause and his readiness

to support any measures that the western world might take to help restore peace to Lebanon.

He told me that as a result of his initiative and that of his chief of staff, he was able to have the Francophone Summit in Dakar, Senegal adopt a resolution restating Canada's commitment to the independence of Lebanon.

Honourable senators, this resolution reads as follows:

May 23, 1989—9:00

RES. No. 4

RESOLUTION
ON LEBANON

The Heads of States, of Governments and of Delegations of Countries having in common the use of the French language,

Recalling the Resolution of solidarity with Lebanon carried by the Sommet de Québec,

PROFOUNDLY worried about the tragic situation which has prevailed in Lebanon for fifteen years and which aggravates the tragedy of the Lebanese people,

PARTICULARLY concerned about the destruction of a large part of Lebanon's school centres as well as cultural, educational and technical institutions, a destruction which may well deal a severe blow to the country's intellectual and spiritual influence and paralyse its role as a prime centre of exchange and dialogue between cultures, and as an example of conviviality and tolerance,

PROCLAIM the urgent need to restore peace in Lebanon within the strict regard to its sovereignty, territorial integrity, unity and independence in accordance with the successive resolutions of the United Nations Security Council concerning Lebanon;

SUPPORT the efforts put forth by the International Community and Authorities, and assert their support to the League of Arab States in their endeavours to bring about an immediate cease-fire in Lebanon and to start, without delay, the process for a final solution to the Lebanese crisis with regard to all its internal and external aspects in order to reach a national reconciliation based on principles of right, justice and equality within the strict regard to Lebanon's sovereignty, territorial integrity, unity and independence;

DETERMINE the renewal of the solidarity fund established by the Sommet de Québec for the reconstruction of Lebanon's cultural, educational, technical and hospital institutions and call on member states to participate in financing this solidarity fund.

Honourable senators, I think that it is the duty of all of us to ask the Canadian Government to intensify its efforts so that this people, the cradle of civilization on this planet, will not disappear tomorrow while we, particularly in the western world, remain passive.

Honourable senators, thank you very much for your understanding.

Hon. Royce Frith (Deputy Leader of the Opposition): Would Senator De Bané allow me to ask him a question?

Senator De Bané: Certainly, Senator Frith.

Senator Frith: The details of who moved and adopted this resolution escaped me.

Could you repeat exactly who supported this resolution?

Senator De Bané: I am glad to answer this question. The Canadian Government presented this resolution at the Francophone Summit in Dakar, Senegal. It was passed unanimously by the forty or so countries that were present at this summit.

Senator Frith: Were most francophone countries represented at this summit?

Senator De Bané: Yes, all francophone countries were represented, except for two or three, I think. The vast majority of them were represented either by their head of government or their head of state.

Senator Frith: So we can certainly say that the francophone community supports this resolution.

Senator De Bané: I think that conclusion is quite correct. All French-speaking countries that were represented at this summit voted in favour of the resolution and some of them, of course, are Arab countries or members of this summit. I am thinking of Tunisia, Morocco and Egypt, among others.

All these countries, as well as the Arab countries that also belong to the summit, voted unanimously in favour of this resolution presented by Canada.

Senator Frith: Thank you, Senator De Bané.

[English]

Hon. Stanley Haidasz: Honourable senators, in these dark hours of Lebanon's history, perhaps the Senate should also adopt this resolution and direct the Speaker of the Senate to send the resolution to the Secretary General of the United Nations. If there is approval, I should like to introduce the motion and to ask the Senate either to discuss it or to approve it.

● (1600)

Senator Flynn: It should be in writing.

[Translation]

Hon. Martial Asselin: Honourable senators, I think senator De Bané should submit his resolution in writing so that we can read it before we adopt it.

I don't say that I am against that resolution but I was going to adjourn the debate on that inquiry by senator De Bané.

If you want to bring in a resolution, you will be able to do so tomorrow, but I think it should be in writing.

[English]

Senator Haidasz: Honourable senators, in reply to Senator Asselin's question, I should think that the resolution read by Senator De Bané is good enough for the Senate to adopt and for the Speaker to forward to the Secretary General of the United Nations. In other words, I hope that the Senate will

adopt the very resolution read out by Senator De Bané and which was adopted by the conference he mentioned.

Senator Flynn: It has to be in writing.

Senator Frith: Honourable senators, as Senator Flynn has pointed out, motions should be in writing and, of course, they require notice. Perhaps we could agree that Senator Haidasz can give notice today that he will propose his motion tomorrow. In that way we would all have a chance to see what it is. The resolution referred to and read by Senator De Bané is in writing, and perhaps we could have consent that it be put forward as a notice of motion by Senator Haidasz.

Senator Doody: Agreed.

[Translation]

Senator De Bané: Let me add, Senator Asselin, that this resolution is the Canadian Government's initiative. It has received unanimous approval at the Francophone Summit and was made available to me by Prime Minister Mulroney on the his return.

Senator Asselin: I am aware of that resolution. I was in Dakar as a representative of the International Association of French-Speaking Parliamentarians, when that resolution was approved by the heads of state or their representatives.

What I did not quite get from your remarks is whether you are putting forward as a formal motion the resolution you read before the Senate. If this is the case, it should be put forward before the Senate as a formal motion, with mover and seconder, on which the Senate could vote.

[English]

Senator Haidasz: If I have to rise again, I am only too happy to do so.

Senator Frith: You can give notice.

Senator Haidasz: If we cannot agree by unanimous consent to pass the motion today, then—

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, please excuse me. Senator Asse-

lin has already indicated that he intends to adjourn the debate. The debate will continue tomorrow when he speaks. Senator Asselin is very concerned and interested in the particular situation and has been very active in the French parliamentary associations. That being the case, I can see nothing that can be lost by going by the rules of the chamber as they are set down.

Senator Haidasz: Then, honourable senators, I defer to Senator Asselin, who wishes to speak to this motion tomorrow.

[Translation]

Senator Asselin: Honourable senators, without wishing to delay the debate and the adoption of the resolution Senators De Bané or Haidasz intend to move before the Senate, I would like perhaps to say a few words concerning Senator De Bané's comments.

Let me ask for leave to move that the debate be adjourned.

[English]

Senator Frith: Honourable senators, what we have before us now is an inquiry, not a motion. I thought I saw some heads nodding that we would permit Senator Haidasz—

Senator Doody: To give notice.

Senator Frith: —to say now, "I give notice that tomorrow I will move that", and so on.

Senator Flynn: Explain it to him.

On motion of Senator Asselin, debate adjourned.

LEBANON

NOTICE OF MOTION FOR ADOPTION OF FRANCOPHONE SUMMIT RESOLUTION ON INDEPENDENCE

Leave having been given to revert to Notices of Motions:

Hon. Stanley Haidasz: Honourable senators, I give notice that on Tuesday next, June 27, 1989, I will move the adoption of the resolution on the subject of the State of Lebanon, as outlined in remarks made a few moments ago by Senator De Bané.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 301)

FISHERIES

SECOND REPORT OF STANDING SENATE COMMITTEE

TUESDAY, June 20, 1989

The Standing Senate Committee on Fisheries has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, June 13, 1989, to examine all aspects of the marketing of fish in Canada, and all implications thereof, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JACK MARSHALL
Chairman

APPENDIX (A) TO THE REPORT

STANDING SENATE COMMITTEE ON
FISHERIESAPPLICATION FOR BUDGET AUTHORIZATION FOR
THE PERIOD JUNE 13 TO OCTOBER 31, 1989ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate*, Tuesday, June 13, 1989:

"Pursuant to the Order of the Day, the Senate resumed debate on the motion of the Honourable Senator Thériault, seconded by the Honourable Senator Kirby:

That the Standing Senate Committee on Fisheries be authorized to examine all aspects of the marketing of fish in Canada, and all implications thereof;

That the papers and evidence received and taken on the subjects before the Committee during the 33rd Parliament be referred to the Committee; and

That the Committee present its final report to the Senate no later than 31 October 1989.

After debate,
The question being put on the motion, it was--
Resolved in the affirmative."

GORDON BARNHART
Clerk of the Senate

SUMMARY

Professional and Other Services	\$ 44,463.00
Transportation and Communications	3,000.00
All Other Expenditures	<u>9,000.00</u>
TOTAL	\$56,463.00

The foregoing budget was approved by the Committee on the 13th day of June 1989.

The undersigned or an alternate will be in attendance on the date that this budget is being considered.

Chairman, Standing Senate Committee on
Fisheries
Jack Marshall

Date: June 13, 1989

Approved by:

Roméo LeBlanc
Chairman, Standing Committee on Internal
Economy, Budgets and Administration

Date: June 15, 1989

EXPLANATION OF COST ELEMENTS

APPENDIX (B) TO THE REPORT

Professional and Other Services

THURSDAY, June 15, 1989

1. <u>Expert Counsel</u>		
Maximum of 100 hrs @ \$65.00 / hr.	\$ 6,500.00	
 <u>Administrative & Research Assistant</u>		
4.5 months @ \$2,925 per month	13,163.00	
 <u>Editor</u>		
Revision and editing french and english versions of the report	20,000.00	
 <u>Registration Fees</u>		
Three conferences/conventions/seminars attended by four representatives of the Committee @ \$400.00 per	<u>4,800.00</u>	\$44,463.00

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget present to it by the Chairman of the Standing Senate Committee on Fisheries for the proposed expenditures of the said Committee with respect to its examination on all aspects of the marketing of fish in Canada, and all implications thereof, as authorized by the Senate on Tuesday, June 13, 1989. The said budget is as follows:

Professional and Other Services	\$ 44,463.00
Transportation and Communications	3,000.00
All Other Expenditures	<u>9,000.00</u>
TOTAL	\$56,463.00

Transportation and Communications

1. Telegrams and Telephones	500.00	
2. Postage and Freight	<u>2,500.00</u>	3,000.00

All Other Expenditures

1. Publications	1,000.00	
2. Advertising	5,000.00	
3. Contingency	<u>3,000.00</u>	<u>9,000.00</u>
TOTAL		<u>\$56,463.00</u>

Respectfully submitted,

ROMÉO LEBLANC
Chairman

Tuesday, June 20, 1989

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

WEDNESDAY, JUNE 21, 1989

OFFICIAL LANGUAGES

(Joint)

371-WB.....3:30 p.m.

Annual Report of 1987 of the Commissioner of Official Languages

LEGAL AND CONSTITUTIONAL AFFAIRS

356-S.....When the Senate rises

Pursuant to Section 69 of the Rules of the Senate, the Committee will hold an organization meeting

AGRICULTURE AND FORESTRY

256-S.....When the Senate rises

Pursuant to Section 69 of the Rules of the Senate, the Committee will hold an organization meeting

WEDNESDAY, JUNE 21, 1989 (Cont.)

NATIONAL FINANCE

356-S.....6:00 p.m.

The examination of Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1990

THURSDAY, JUNE 22, 1989

SCRUTINY OF REGULATIONS

(Joint)

256-S.....8:30 a.m.

Review of Statutory Instruments

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S.....9:30 a.m.

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 22

OFFICIAL REPORT
(HANSARD)

Wednesday, June 21, 1989



THE HONOURABLE GILDAS L. MOLGAT
SPEAKER *pro tempore*

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Wednesday, June 21, 1989

The Senate met at 2 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-2, to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain acts in consequence thereof.

Bill read first time.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the second time?

Hon. C. William Doody (Deputy Leader of the Government): With leave, later this day.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I should like to speak to the question of leave. This bill, dealing with transportation accident investigations, would in the normal course find its way eventually to the Standing Senate Committee on Transport and Communications. I have no objection to that happening, but I do want to call something to the attention of the Senate. I am sorry that the chairman of that committee is not here today, because what I want to discuss concerns an interesting memorandum he circulated about this bill. The memorandum is dated June 20—yesterday. We know that Senator MacDonald has been a great supporter of the prestudy of bills. The inventor of prestudies, Senator Hayden, is no longer with us, either here or physically on the planet, but I think he may be trying to rule us, from his grave, through Senator MacDonald.

Senator MacDonald, undaunted by the fact that we have not recently prestudied any legislation—in fact, we have denied that for a very good reason—has circulated to his committee a memorandum saying that he had had a meeting with the steering committee on the bill already and that he had his witnesses all lined up. The witnesses who would appear before the committee on this bill were picked, and the list was attached to the circular. The next sentence, after the words “the list is attached”, reads, “Thursday’s list is cast in stone.”

Senator Doody: Formidable!

Senator Frith: So, at the time he wrote this memorandum the bill was not even in the Senate, let alone leave having been

granted to abridge the notice. Yet, he had cast, yea, in stone a list of witnesses who, I assume, their names having been thus engraved on a Senate list of stone, would not wish to decline to appear and who would have appeared here whether or not the Commons had passed the bill, whether or not the Senate had passed the bill or sent it to committee; whether or not the Senate had even given leave to have the bill dealt with ahead of time. So I make this quiet and respectful intervention—

Some Hon. Senators: Oh, oh!

Senator Frith: —to remind Senator MacDonald, who can read my comments in due course, that he and I have a mutual friend, nicknamed “Fast” Eddie Goodman. I want to tell Senator MacDonald, alliteratively, that we will keep our eyes on “Fast Finlay.”

Hon. Orville H. Phillips: Honourable senators, on the matter raised by Senator Frith, I would agree with him that Senator MacDonald has acted like a Liberal committee chairman. We shall try to get him to be a bit more cooperative in the future.

Senator Frith: That is the only part about him we like! However, I am glad to have that undertaking from Senator MacDonald’s whip.

The Hon. the Speaker *pro tempore*: Honourable senators, is leave granted?

Hon. Senators: Agreed.

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[Translation]

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-8, an Act to amend the Department of Labour Act.

Bill read first time.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[English]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, June 21, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTEENTH REPORT

Your Committee recommends:

1. That, with respect to Second Language Training Expenses, the per diem meal allowance for immersion courses be such reasonable expenses with detailed receipts, and

2. That, with respect to the annual adjustment of allowable expenses:

(a) Regulation No. 7 of the *Senators' Travel Policy* be amended to a maximum limit of \$145 per day upon production of receipts, for hotel, meal and related expenses;

(b) The rate of reimbursement for taxi expenses without a receipt be a maximum of \$20;

(c) The amount of reimbursement when Senators travel by car be 29.5 cents per kilometer.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FIFTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, June 21, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTEENTH REPORT

Your Committee recommends that a new system of recording attendance for all Senate employees be established effective July 1, 1989.

[The Hon. the Speaker.]

The new system will include a form to be completed each month by all employees, including management, stating that they were present for all work days in that month, except for specific dates noted that were taken as annual leave, sick leave, etc.

Respectfully submitted.

ROMÉO LEBLANC
Chairman

The Hon. the Speaker pro tempore: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

ENERGY AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE TABLED

Hon. Dan Hays: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Energy and Natural Resources respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

BANKING, TRADE AND COMMERCE

FIRST REPORT OF COMMITTEE TABLED

Hon. Sidney L. Buckwold: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Banking, Trade and Commerce respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

NATIONAL HEALTH PROGRAM

NOTICE OF MOTION TO AUTHORIZE SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TO STUDY PROBLEMS IN SHORT-TERM CARE HOSPITALS AND INSTITUTIONS

Hon. Paul David: Honourable senators, I give notice that on Tuesday next, the 27th of June, 1988, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.

QUESTION PERIOD

AGRICULTURE

GRAIN—INITIAL PRICE FOR 1989-90 CROP YEAR—REQUEST FOR RECONSIDERATION

Hon. H.A. Olson: Honourable senators, I should like to address a question to the Leader of the Government with respect to the initial prices that the Canadian Wheat Board has been authorized to pay for the 1989-90 crop year. I raise the question now because I hope that, if the Leader of the Government does not have the information at his finger tips, he will be able to obtain it before we adjourn for the summer next week, which I understand will be on Thursday, or perhaps even on Wednesday.

The initial prices were announced some weeks ago and there was a reduction of as much as 20 per cent in the gross initial price for some grades of wheat, which would be enough to wipe out all of the profit that some producers would have. The fact of the matter is that international wheat prices have not declined to that extent. There has been some fluctuation, but the price for wheat in the world market, as set on the Chicago Board of Trade, is over \$4 U.S. per bushel for some grades, which does not justify the kinds of reductions the government made when they announced the initial prices.

Therefore, I was wondering if the Leader of the Government could tell us that the government is now prepared to recant and give us an indication of what a reasonable initial price would be for this grain, because the reductions that were announced were a very heavy blow for some people.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall obtain a report on that matter from my colleague and I undertake to bring it into the house before we adjourn for the summer.

Senator Olson: A very good answer, thank you.

ATLANTIC CANADA OPPORTUNITIES AGENCY

NEW BRUNSWICK—COMMITMENT AND EXPENDITURE OF FUNDS

Hon. L. Norbert Thériault: Honourable senators, about a month ago or more I asked a question of the Leader of the Government in the Senate. A couple of weeks ago I reminded him of my question. Today I read in a report that part of the answer to my question is that ACOA expended \$58 million in New Brunswick in the week of November 14 to 20. I wonder if the Leader of the Government could make a calculation of how much that would be in a year and give us an explanation as to why there was that expenditure in that week.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The honourable senator did not read the article in question very carefully. Had he done so, he would have seen that the responsible official at ACOA explained the situation in some detail. First

of all, it is inaccurate to say, as the honourable senator would know if he had read the article carefully, that \$58 million, or whatever it was, was spent in a given week. As the official pointed out, private-sector firms and individuals are given 90 days to decide whether or not to respond to a particular offer from ACOA. If a number of these announcements were made during any particular week, it was because those private sector respondents replied affirmatively to an ACOA offer that might have been made two or three months previously.

● (1410)

Senator Thériault: I wonder if the Leader of the Government in the Senate would tell us what the amount expended or committed or announced the following week was in comparison to that \$58 million.

An Hon. Senator: The world goes on, you know!

Senator Murray: The honourable senator is accurate in using the term "committed." Those announcements are not expenditures of money; they are agreements by ACOA to spend money, sometimes over years, in the future. I do not know why the rate of announcements speeded up or slowed down from one week to the next.

I repeat: I draw the honourable senator's attention to the explanation of the appropriate official at ACOA, quoted in full in the *Globe and Mail* of this morning.

Senator Thériault: Honourable senators, I did read the complete article. Of course, when I read that article I was not looking for the excuse the Leader of the Government was looking for, so that might make a difference.

The Leader of the Government in the Senate may recall that the question I asked was exactly how much was expended or how much was committed. I did not get an answer; that is why I had to go to the newspapers to find out what was going on.

I also want to remind the Leader of the Government in the Senate that, having spent three or four years in New Brunswick—I am not sure if he was the minister responsible for ACOA at the time of the election or not; I know he was earlier in the year—he should know that you cannot buy a maritimer's vote with government largesse. The result of the election was that the government got fewer seats in the maritime provinces, after spending \$157 million during the week prior to the election. The government ended up with only 12 seats. Divide 12 seats by \$157 million and you will see that we have expensive Tory MPs from the maritimes. I hope they perform.

Senator Murray: Honourable senators, first of all, let me say that I am aware of the question that the honourable senator asked on May 18, about which he reminded me some time later. I did see a draft reply to his question in my office some days ago. I did not think that the draft reply was satisfactory or provided information in the detail that I know the honourable senator would want, so I sent it back and asked for a reply that I thought the honourable senator would find satisfactory.

The honourable senator cannot have it both ways; one day he and his colleagues are complaining that not enough money

is being spent on regional development in the Atlantic provinces; the next day they are complaining that the government is spending too much.

In the second place, I think that the private-sector entrepreneurs who have new businesses up and running, or who are getting ready to start new businesses and are receiving this encouragement and these incentives from ACOA, will properly resent the suggestion of my honourable friend that there is some partisan basis to this activity.

I remind the honourable senator that, while his party in the other place voted against the ACOA bill when it was before the House of Commons, while he and his colleagues in this place almost killed it by delaying it when it was here, the best their leader could do during the recent election campaign for a regional development policy was to go to Atlantic Canada and promise more money for ACOA.

Senator Thériault: Honourable senators, I am sure that when the leader of the Liberal Party promised more money for regional development in the Atlantic provinces he was not aware that that very week \$157 million was being spent by the Tory government.

I want to say something else to the Leader of the Government in the Senate. I am sure that I, as a maritimer, and all honourable senators from the maritimes would be quite happy if every week of the year this Conservative government spent the same amount of money or committed the same amount of money that it spent or committed during the week of November 14 to November 20. If the government does that, I can promise the leader that I, for one, will get up every day of the week and thank the government very much on behalf of the maritimes.

Furthermore, I know some of the companies that benefited from the government's largesse during that week. I know they are very successful and I know they have always gotten along very well without government grants.

Senator Murray: Honourable senators, I acknowledge the honourable senator's expression of gratitude with great appreciation.

Senator Guay: Wait until we ask you about western Canada!

TRADE

IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT ACTION

Hon. Hazen Argue: Honourable senators, I have a question for the Leader of the Government in the Senate. Some time ago I raised a question about the activity and policy of the Department of External Affairs in promoting two-way trade with the U.S.S.R. The information that has been provided to me states that there has been a good deal of activity towards that end, and there has also been a measure of success in increasing the imports into Canada from the U.S.S.R.

My question to the government leader is: Would you look into the facts of this situation; would you report your findings

to the Senate before we adjourn; and could you report verbally, rather than by way of a delayed answer, because I think it is important that the facts are on the record so that the trend is at least in the right direction?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I believe the question to which the honourable senator refers was asked in the previous Parliament; however, I will look it up.

Senator Argue: I said it was some time ago.

Senator Murray: Yes, it was some time ago. I will look it up and an inquiry will go forward. I will undertake to bring whatever information I properly can into the Senate at an early date.

ANSWER TO ORDER PAPER QUESTION OFFSHORE NORTHERN SEAS

CONFERENCE AND EXHIBITION, STAVANGER, NORWAY,
AUGUST 23-26, 1988—GOVERNMENT REPRESENTATION

Question No. 4 on the Order Paper—By **Hon. Jack Marshall:**

5th April, 1989—Concerning the Offshore Northern Seas (ONS) Conference and Exhibition, held in Stavanger, Norway, did the federal government send any representatives with the Newfoundland delegation, or independently?

Reply by the Leader of the Government in the House of Commons:

The Government of Canada participated with a National Stand in the Offshore Northern Seas (ONS) Conference and Exhibition which took place in Stavanger, Norway, August 23-26, 1988. This stand had seven full and four associate exhibitors, including the province of Alberta. The province of Newfoundland, reflecting its particular interest in developing joint venture partners for offshore development, had a separate, generic provincial stand. The Canadian Embassy in Norway assisted the Newfoundland group with arrangements and logistics. The Canadian Ambassador visited their stand and the Embassy attended some of their functions to demonstrate support for their efforts.

The Department of Regional Industrial Expansion sent three representatives, independent of the Newfoundland delegation, to the Offshore Northern Seas (ONS) Conference and Exhibition.

Energy, Mines and Resources did not send any representatives to this Conference, neither with the Newfoundland delegation nor independently. However, one employee of the Department did participate in meetings of the External Affairs-led Offshore Working Group which met in Stavanger, Norway from August 28-31, 1988.

The Canada-Newfoundland Offshore Petroleum Board was represented by one of their employees at the Exhibi-

tion only but that person was neither with the Government of Canada delegation nor with the Government of Newfoundland and Labrador delegation. The employee also participated in meetings and other events of the Offshore Working Group.

BORROWING AUTHORITY BILL, 1989-90

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Macdonald (*Cape Breton*), for the second reading of the Bill C-11, An Act to provide borrowing authority.— (*Honourable Senator MacEachen, P.C.*).

Hon. Allan J. MacEachen: Honourable senators, may I begin by thanking Senator Doody for his statement opening the second reading of this bill and indicate that we hope to have the bill go to committee today in order to complete its passage through the Senate next week.

In considering what I would say about this bill I came across a booklet that had been issued in connection with the budget, entitled "The Debt Problem". It was not widely featured at the time, but it was part of the budget papers. It begins by asking, "What is the public debt?" The answer is as follows:

The public debt is the amount of money that the federal government owes to Canadians and to foreign investors. Today, the public debt is \$320 billion.

I have no complaint with that answer.

The next question is: "What is the deficit?" The answer to this question is as follows:

The annual deficit is the amount by which government spending exceeds revenues.

Also, I have no complaint with that. It is the next sentence that caused me some difficulty. The next sentence says:

It—

namely, the annual deficit—

is the amount the government has to borrow. It gets added to the debt each year.

Of course, that is an inaccurate and misleading statement, as the comments of the Deputy Leader of the Government indicated. The budgetary deficit for the fiscal year 1989-90 is \$30.5 billion, and the amount of borrowing authority that the government is seeking in this bill is \$24.8 billion. So clearly the deficit as is stated in this booklet is not the amount the government has to borrow.

● (1420)

One might even say that the \$24.8 billion—namely, the amount of the borrowing authority sought in the bill—is not really the amount the government needs to borrow. One might say that the net financial requirement of the government in the amount of \$20.5 billion is the true amount that the government needs to borrow; so that in that second question and

answer the Department of Finance misled the Canadian people in the amount of approximately \$10 billion.

The actual net financial requirement of the government in the fiscal year 1989-90 is \$20.5 billion. An additional \$3 billion is sought as a contingency in the event of certain things happening, and \$1.3 billion is sought for forecast Exchange Fund Account earnings. The Deputy Leader of the Government made a rather cryptic statement when he said that of the \$24.8 billion:

... \$21.8 billion represents borrowing requirements, made up of \$20.5 billion for the government's estimated net financial requirements, excluding foreign exchange transactions, and \$1.3 billion for forecast Exchange Fund Account earnings.

I am still not clear in my mind, although I ought to be, why it is that Exchange Fund Account earnings automatically lead to borrowings. Perhaps the deputy leader will clarify that when he winds up the debate.

It is interesting that there has been a recent tendency on the part of the government to move away from the concept of the "budgetary deficit" to the concept of the "net financial requirements." Certainly from a perception point of view, there is a considerable difference between a burden of \$30.5 billion, which is the public accounts deficit, and a burden of \$20.5 billion, which is the net financial requirement.

The fiscal plan to which the Deputy Leader of the Government referred, and asked us to look at, projects or tells us about the key indicators of the government's fiscal position over the medium term.

As I said, in the fiscal year 1989-90 the budgetary deficit is \$30.5 billion and the financial requirements are \$20.5 billion. The next period for which the government gives us information is 1993-94. There is a gap covering the three intervening fiscal years. Not having given us the forecasts for those years, the government tells us that in 1993-94 the budgetary deficit is forecast to be \$15 billion and the financial requirements are to be \$3 billion. There is, as I have noted, an interesting tendency on the part of the government to cast the picture in terms not of the budgetary deficit but of the financial requirements.

In the introduction to the Fiscal Plan the Minister of Finance made a comment about this question, as follows:

Financial requirements represent the extent to which the government has to borrow in capital markets.

That is the \$20.5 billion.

This more closely parallels the definition of deficits used in both the United States and the United Kingdom. Thus, on this basis, Canada would be close to a balanced-budget position by the end of the fiscal planning period.

Namely, \$3 billion.

If the same measurement were applied to the fiscal year under discussion, the definition of "deficit" used by the U.K. and the U.S. and approved by the Minister of Finance would give us a deficit of \$20 billion.

At a recent meeting of the World Economic Forum I was interested to hear the Prime Minister say that by the end of our current fiscal planning period, being 1993-94, our deficit, computed on a basis comparable to that used in the U.S. or U.K., will be approximately \$3 billion or very close to balanced.

I wonder why the figure that is prominently used to convince taxpayers that they ought to line up and support the government's fiscal policy is the budgetary public accounts deficit, which is \$30 billion. If you used the measurement put forward by the Prime Minister last week at the World Economic Forum, the deficit would be \$20.5 billion rather than \$30.5 billion.

The point I am making is this: The concept is so elastic that it can be adjusted to whichever audience you wish to choose. If you want to sock it to the taxpayers, you frighten the hell out of them by using the \$30 billion figure. If you want to tell the businessmen of the world how good things are in Canada, you use the \$20 billion figure, or, for 1993-94, the \$3 billion figure rather than the \$15 billion public accounts figure. That is an interesting commentary.

The Prime Minister, in another thrust of hostages to fortune, said that at the end of that fiscal period we would have a deficit, measured by the U.K. and the U.S. standards, of approximately \$3 billion and that, on a national accounts basis, we would be in a surplus. That is going to take some doing, in my opinion, because the government is projecting a deficit for next year of approximately \$28 billion. However, that is a matter we can follow up on at another time.

Honourable senators, I should like to make two further observations about the situation disclosed in the papers commended to us by the Deputy Leader of the Government.

My first observation has to do with the changes in the level of savings in Canada. In the early 1980s net private sector savings were of such a magnitude that they were able to finance the large volume of public deficits, including the Government of Canada, the provincial governments, and the Quebec and Canada Pension Plan deficits. In fact, the net private sector savings were of such a magnitude that not only were we able to finance all our public sector deficits but we also became a net supplier of capital abroad. That is an interesting fact. We should examine the implications of that as we move into a situation in which net private sector savings are not capable of financing our public sector deficits, with the result that we have to rely heavily on foreign savings. To me, there is a qualitative difference about a deficit that is financed in Canada and one that is financed abroad.

● (1430)

In the booklet entitled "Canada's Economic Prospects in the 1990s" there is an analysis, beginning on page 23, entitled "Sources and Uses of Savings". It states:

Financing the recurring shortfall between net domestic private sector savings and government demands has required foreign savings;—

[Senator MacEachen.]

That has been accompanied by the fact that Canada has moved, since 1985, into a large current account deficit.

The Minister of Finance told us in one of his documents that the current account deficit in the last quarter of 1988 was running at \$17 billion, which is the amount that would be required in foreign savings with respect to our balance of payments.

The document issued by the Department of Finance, entitled "Canada's Economic Prospects for the 1990s", says:

Growing current account deficits are leading to growing net foreign indebtedness, representing an increasing claim on the resources of the Canadian economy. By 1988, Canada's international indebtedness is estimated to have risen to just over 38 per cent of GDP from 35 per cent in 1985. It has not been in this range since the mid-1960s.

It has been a feature of Canada's history that we have often been in a current account deficit. We have used capital from abroad to finance the economic investment in Canada, the earnings from which we use to pay the carrying charges and the payback. That is certainly a factor which has been necessary to contribute to the growth of the nation. However, it becomes somewhat different when our indebtedness is the result of financing current consumption. Certainly, the use of foreign savings to finance consumption or the deficit is a different matter.

It seems to me that it would be useful for us to better understand how much of the current account deficit—if it is possible to determine—is now the result of financing investment for the future growth of Canada and how much of it represents financing consumption in the form of the annual deficit. Certainly, the fact that it takes place is acknowledged in the document itself, when it states that financing the deficit, or the shortfall between net domestic private sector savings and government demands, has required foreign savings.

Recently I read an article by a former adviser in the Department of Finance who was projecting disaster for the nation because of the increased foreign indebtedness of the country. I think he stated that amount at \$225 billion. That is the total foreign indebtedness; in other words, the claims of other countries on our resources as a whole. One must also add to that the fact that the existence of a current account deficit by itself is not an evil. However, it certainly can cause worry if it is used to finance the current deficits, as is happening so heavily in the United States.

There is one other point I want to make on a matter that has interested me for some time, and that is the proportion of domestic debt that is held abroad. By that I mean the domestic public debt, which is a different creature from Canada's total international indebtedness. We have been told in the Fiscal Plan that this year interest payments on the national debt, or public debt charges, will amount to approximately \$40 billion. Those are payments on the debt which have to be financed out of current revenues or borrowings. However, one must take into account that currently 80 per cent of that debt, or of the

debt upon which those charges are made, is held by Canadians. The interest payments on the debt, which are an expense to the government, are income in the hands of individual Canadians, corporations and so on.

I must tell honourable senators that I take quite a different view of that proportion of the debt to the view I take of the proportion of the debt that is held abroad. Here I am again speaking of the domestic public debt. Perhaps the Department of Finance would agree with that point of view—namely, that it is much better to have a domestic public debt held by your own citizens than to have it held by foreigners, thus involving annual payments and the ultimate payment abroad, rather than to your own citizens.

Honourable senators, that is another phenomenon that is referred to in the Fiscal Plan, and I would like to quote from that document, if I may.

Hon. Finlay MacDonald: Did you say 80 per cent?

• (1440)

Senator MacEachen: That is my view. However, let me read it to see if I am right. The book contains an analysis of the government debt held by non-residents, which is what we are talking about.

Senator Murray: Does it refer to the federal government or provincial governments?

Senator MacEachen: I think it refers to the federal government. The comment is made at page 120:

... the proportion of domestic debt held abroad has recently increased. This latter development is a result of increased interest in Canadian dollar securities by foreign investors, reflecting attractive interest rates and confidence in the Canadian economy and the Canadian dollar. Japanese and European investor interest has been particularly strong. Approximately 19 per cent, or about \$50 billion, of the outstanding debt is held by non-residents.

In other words, roughly 80 per cent of the debt is held by residents of Canada. Personally, I think it is the trend that is more alarming, or more worrying—the word “alarming” is a strong word. If one were to worry, one should worry more at this stage about the trend—namely, the increasing proportion of the government debt held abroad—than about the amount itself. If the trend continues, I think it will be a worrying factor.

So I found the advice of the deputy leader to be very helpful. I commend some of these budget documents to my colleagues because they raise some very important matters, particularly about the relationships between our domestic government debt and our international balance of payments. They also raise the important question of how much we should worry about government debt held by Canadians, the cost of which becomes income in the hands of Canadians, in comparison with debt held by non-residents, which involves the transfer of charges out of the country each year. The statistics are in the documents and they can be found very easily.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators—

The Hon. the Speaker *pro tempore*: I wish to inform the Senate that if the Honourable Senator Doody speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Doody: Honourable senators, I have little to add to the comments that I made yesterday. I noted with interest Senator MacEachen's remarks this afternoon, which demonstrate his long experience in the field and his knowledge of the area of which he speaks. I was fascinated to hear his first comment dealing with the currency account. I raised the same question as soon as I saw it in the briefing book and I discussed it at some length with the officials of the Department of Finance. I can assure honourable senators that they are perfectly comfortable with the situation, and I can also assure honourable senators that I understand no more now than I did when I first raised the question with them. So there might be some merit in raising the question in committee when the bill reaches it. Whether the answers will be any more satisfactory to the committee members than they were to me remains to be seen. Certainly, I am sure you will share my fascination with the answers as they come forth.

On the question of the domestic debt—and I shall not deal with this subject at any length—it seems to me that the suggestion that people take a great deal of comfort out of the fact that the vast majority of Canada's debt is held internally rather presupposes the fact that Canadian bond holders do not expect to be paid somewhere down the road. I suspect that that is not really the rationale, but I think it might be comforting to the people who invest in Canada's paper if they are assured that they will be treated at least as well as foreign debt holders when the day of reckoning arrives.

In any event, honourable senators, I will not take up any more time of the chamber. I simply ask that the bill be given second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill referred to the Standing Senate Committee on National Finance.

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

SECOND READING

Leave having been given:

Hon. Norman K. Atkins moved the second reading of Bill C-2, to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain acts in consequence thereof.

He said: Honourable senators, I am pleased to begin Senate consideration on second reading of Bill C-2, an act to establish the Canadian Transportation Accident Investigation and Safety Board. This is a very important bill. Why? Because its object is to advance transportation safety, which, in turn, is the first priority of Canada's national transportation policy. That policy is enunciated in the National Transportation Act, 1987, which states in part that the objectives of the national transportation system are most likely to be achieved when the national transportation system meets high safety standards.

Key features of the bill are: The board will be independent of the government and, most particularly, the Minister of Transport, who regulates safety. It will make public all of its findings and recommendations, and the Minister of Transport, as well as any other minister having a direct interest, will be required to respond publicly to all recommendations. As well, it will consolidate into one organization the existing Canadian Aviation Safety Board; the Marine Accident Investigation Branch of the Department of Transport; the Rail and Commodity Pipeline Investigation Branch of the National Transportation Agency; and the arm of the National Energy Board responsible for investigating oil and gas pipeline accidents. I should point out that, while this is a new board, the expertise of the staffs currently involved in accident investigation activities in these four agencies will be brought together. The majority of the approximately 300 people involved are expected to transfer to the new board. Thus those who make and enforce safety regulations will be completely separated from those who investigate accidents and recommend changes to regulations and enforcement procedures. That will eliminate the potential for conflicts of interest.

The creation of a new Canadian Transportation Accident Investigation and Safety Board with these features will not only lead to improved safety in all modes of transportation but will also go a long way towards restoring the confidence of Canadians in the safety of our transportation system.

Recent events have served to undermine the confidence of Canadians in the Canadian Aviation Safety Board. As a result, the government has had to ask one judge to review the record of the Gander accident investigation and another to conduct a full inquiry into the tragic accident at Dryden, Ontario. Canadians must be reassured that every step is being taken to guarantee continued safety in our transportation system. With that in mind, the crucial role of accident investigation in ensuring safety must be firmly established in all modes of transportation. The Canadian Transportation Accident Investigation and Safety Board is a major step in achieving that goal.

• (1450)

Honourable senators, that is the broad perspective of this bill and its importance in relation to the safety of our transportation system. Before I go into further details, I should like to comment briefly on the history of the bill.

Extensive consultations were undertaken over a long period with parties interested in the whole area of transportation. The bill reflects those consultations, as well as many of the conclu-

[Senator Atkins]

sions and recommendations of various studies, reports and inquiries over the years. These include the Dubin inquiry into aviation safety, the Deschenes study on marine casualty investigation, the Foisy inquiry into the Hinton rail tragedy, the Hickling evaluation of the Canadian Aviation Safety Board and the subsequent Sopinka review.

As a result of this extensive input, when Bill C-2 was introduced the question of how best to learn all we can from accidents in order to prevent them in the future was addressed in a logical and comprehensive manner.

The House of Commons Standing Committee on Transport also heard from a large number of interested parties. These hearings and detailed study of the bill were held in an atmosphere of nonpartisan cooperation, with sincere effort on all sides to develop the best legislation possible. The Minister of State for Transport, the Honourable Shirley Martin, should be complimented for the flexibility she demonstrated on behalf of the government. Her approach contributed significantly to the spirit of cooperation which characterized the committee's work.

Consequently, a number of amendments were adopted to improve the bill and to ensure that the new board will function effectively and credibly in the investigation of accidents and in identifying ways to prevent recurrences.

Consultation has had its impact. The interested and affected parties have been heard. The government has listened and has agreed to significant changes which make Bill C-2 an even better bill.

Perhaps at this point some practical illustrations of what the board will do would be in order. The board will have a mandate to investigate any transportation occurrence. The board can decide, if it so wishes, that it is in the interest of transportation safety that a public inquiry be held as part of an investigation process. If the board takes this decision, the chairperson can then designate a person to conduct a public inquiry. The Governor in Council can also order an inquiry under the Public Inquiries Act, but, if that is done, the board cannot order a further public inquiry. In other words, there will be only one public inquiry into any accident.

In the air mode, honourable senators will, of course, be aware of major accidents, such as those at Gander and Dryden, which resulted in terrible injuries and loss of life. Other accidents and incidents are also investigated when it is felt that this would help to identify safety deficiencies and result in the adoption of corrective measures.

For example, there was the controlled ditching of a helicopter at sea due to a loss of transmission oil pressure. Fortunately, there was no loss of life and all passengers were rescued from life rafts about an hour later. The investigation determined that the incident was caused by a mechanical failure in the emergency lubrication system. It also resulted in the adoption of nine aviation safety recommendations concerning the wearing of immersion suits by passengers and crew on helicopters flying over Canada's offshore and northern waters; the strengthening of safety standards for immersion suits, life rafts

and signalling devices; and the improving of training requirements for ditching and sea survival.

Accidents involving private and pleasure aircraft, including ultralight aircraft, may also be investigated. In addition, the board will have the authority to look into incidents such as near-collisions and situations which, if left unattended, could result in an accident or incident.

In the marine world, accidents aboard ship, such as injury to a crew member through the closing of a power-operated, water-tight door, the grounding of a ship or a ship's striking a bridge, may be subject to investigation. As in other modes, other incidents may also be investigated.

Railway occurrences include, of course, collisions, derailments and level-crossing accidents. Usually, collisions and derailments cause considerable property damage while crossing accidents cause more casualties.

Other accidents, known as train service accidents, occurring, for example, when employees or trespassers are struck by rolling stock, or where personnel are injured in the process of entraining or detraining, could also be the subject of investigation by the board. Other incidents include fires, dangerous commodity leakages, and miscellaneous personal injuries to railway passengers and employees.

In the pipeline mode, the board might investigate leakages of gas resulting in fire or injuries to workers involved in construction or repair work. As found recently in another country, there is potential for serious accidents involving pipeline transportation. While we are fortunate in this country not to have had such serious problems, there have been accidents and investigation has led to improvements.

For example, during work on a gas liquids pipeline at Sarnia, Ontario, a fitting on the pipeline was struck by a contractor. Butane was released. It vaporized and enveloped the work site and several nearby houses. The pipeline company's inspector was burned when the gas ignited while he was assisting with the evacuation of people in the area. Other employees suffered minor injuries, but, fortunately, there were no deaths.

The National Energy Board concluded, as a result of its investigation, that the company's procedures for dealing with emergencies were inadequate and that the contractor had not followed procedures established in the company's safety manual. As a result of this investigation, the procedures have been changed.

When the new board investigates such occurrences it will use a two-stage process. The staff investigators, that is, the professional experts, will gather evidence, analyze it and prepare a draft report. The board members will review the draft report of the investigators, receive comments from parties with a direct interest to ensure the accuracy of the findings, and then report publicly on the final findings and make recommendations as required.

In this arm's-length, cooperative arrangement the responsibilities of all parties are clearly defined. There are also

built-in checks and balances to ensure that this process works effectively.

For example, the board members will make policies on which types of accidents will be investigated and how investigations will be conducted. Within those policies the investigators will have the exclusive authority to conduct the investigations and report their findings to the board.

If the board wishes, it may require investigators to pursue additional avenues of investigation, and, as I have already outlined, the board may also decide to hold a public hearing into the occurrence.

Thus the investigators are professionally independent of the board, but subject to the board's general policies concerning the type of accidents which will be investigated and the general policies on the way in which investigations will be conducted.

The board members apply their knowledge and judgment not to the specific conduct of investigations but to weighing the evidence produced by the investigators, ensuring that the findings as to cause and contributing factors are valid and consistent and, most importantly, determining appropriate recommendations to help prevent similar accidents in the future.

● (1500)

Specific technical expertise will be found in the board's highly qualified, professional staff. In addition, there are also provisions in the bill to allow outside experts to be engaged. Board members, on the other hand, while they may have technical expertise, are primarily called upon to review and weigh the evidence presented to them and to make sound judgments as to the interpretation to be given to the evidence. They need the ability to analyze complex evidence and to make sound findings as to the contributing causes and factors involved in transportation accidents. They need the ability to make recommendations, based on these findings, which will help to prevent future similar accidents.

This makes good sense from a public policy perspective. There has been a broad consensus within the transportation industry that the respective roles and responsibilities of the board members and investigators, as set out in the bill, are appropriate. We are confident that the new Canadian Transportation Accident Investigation and Safety Board will be able to function in a most effective manner when roles and responsibilities are assigned, as they are in Bill C-2.

The chairperson of the board is also given clear responsibilities. In effect, that individual has the responsibilities of a chief executive officer and a chief operating officer. The chairperson is responsible for personnel, financial and property matters, as well as for apportioning and directing the work of the members and staff. In the latter situation, however, this responsibility must be carried out in accordance with the by-laws established by the board as a whole. The chairperson chairs board meetings, of course, but is only a member of the board, like the others, when it comes to making policies and by-laws or taking decisions on accident findings and recommendations.

Returning to the investigation process, there is an additional check on the independent work of the investigators. Once the board is satisfied with the draft report, it is sent in confidence to those parties the board has identified as having a direct interest in the findings. They are asked to verify the facts and are free to comment in confidence on the findings or to produce any further evidence they have that may have been overlooked. Most observers agree that circulating the draft reports to parties with a direct interest guarantees the accuracy of the findings so that the board can come up with a more accurate report and bring forward better recommendations in the final report. Circulation of draft reports for comment also contributes to the openness and fairness of the process, since interested parties are given an opportunity to be heard.

Another observation was that the Minister of Transport originally had an absolute right to receive the draft report, whereas the board would decide who else would see it. Even though the draft report would contain no recommendations, this was perceived as a potential conflict of interest. The bill was amended to delete this absolute right for the Minister of Transport to receive the draft report. The bill now before us allows the board complete discretion in deciding which parties should receive the draft report, thus putting all parties with a direct interest in the findings on an equal footing.

Concerns were also raised that the draft report process would delay the issuing of the final report. This does not prevent necessary, urgent, remedial action or other actions from being taken, as the board must give immediate notice of any of its findings that may require urgent action. In other words, if any urgent action needs to be taken, the board must notify the minister responsible immediately, no matter what stage the investigation has reached, and the minister or ministers, of course, are free to take that action without waiting for a draft or final report. Indeed, any minister who is notified of the need for urgent action is obligated to respond publicly to the board's recommendations within 90 days, just as any minister will be required to respond to the recommendations in the final report of the board.

Other amendments made to improve the bill include the addition of oil and gas pipelines to the board's mandate so that the board will be able to investigate all commodity pipeline accidents. This includes interprovincial and international pipelines that are regulated under the National Transportation Act or the National Energy Board Act. These pipelines can carry, for example, oil or gas regulated under the National Energy Board Act or superheated steam regulated under the National Transportation Act. This removes the same perceived conflict of interest between regulators and accident investigators.

In order to ensure further the independence of the board relative to any ministerial responsibility, the bill now makes it clear that the board will report to Parliament through the President of the Queen's Privy Council. It will be through this minister that the board's estimates are put forward and its annual report made to Parliament.

The bill was also amended to mandate the board to conduct special studies and investigations on matters relating to trans-

portation safety. This amendment reinforces the basic goal of the board to advance transportation safety. Other amendments extended and clarified the privilege accorded to certain types of evidence which are crucial to finding the causes of accidents. Self-incrimination must be avoided to the extent possible if employees are to be encouraged to give up some of their privacy, as in the case of voice recordings made on board planes, ships or trains, or to give free or honest statements to the board about what happened. Therefore, the bill provides that voice recordings and witness statements cannot be used as evidence in criminal proceedings.

The privilege accorded to air traffic control recordings under the Canadian Aviation Safety Board Act was extended to cover similar recordings in the rail and marine modes. The bill now also makes it clear that the privilege for witness statements applies to statements made directly to the board or its investigators. This leaves employers, especially the railways which have collective agreements on the subject, free to take statements from employees and to use them to improve safety.

Another improvement to the bill involves a limitation on the power of an investigator to quarantine a site after an accident for purposes of conducting the investigation. The purpose of advancing safety through a complete investigation must, and will, come first. Yet such a quarantine can delay the resumption of service, especially for rail and marine carriers. The commercial interest in resuming service is self-evident. There is also a public policy interest, as stated in the National Transportation Policy, in maintaining an efficient and effective transportation system. The agreed amendment to the bill requires an investigator to give due regard to the desirability of minimizing any disruption of transportation service which may result from the quarantine of an accident site.

Having said that the responsibilities for safety regulation and accident investigation should be separate, it should also be said that the two must be complementary. They cannot function in totally separate spheres. When something goes wrong and an accident occurs, the regulators must be in a position to take immediate remedial action, if necessary, or to impose sanctions, if appropriate. Therefore, there must be coordination and cooperation between the accident investigation board and the safety regulators in any department. Bill C-2 provides mechanisms for this necessary cooperation and coordination.

Clause 14 of the bill is so worded as to make the new board the only federal agency designated to make findings and to report on the causes and contributing factors with respect to any transportation accident, and to make recommendations based thereon to improve the safety. As mentioned at the outset, this is not to say that there are not agencies within government which have an interest in transportation accidents. It is well recognized that the Department of Transport and other departments and agencies must also be able to obtain whatever information about an accident is necessary to carry out their responsibilities for safety regulation and for disciplinary and remedial action.

● (1510)

The bill singles out the Department of National Defence and the Royal Canadian Mounted Police and makes specific the relationship that will exist between the new board and these two important bodies.

Although the Department of National Defence has jurisdiction to investigate accidents involving a military conveyance or facility, the bill provides that the new board will investigate "mixed" accidents that have both a civil and military component—for example, an aviation accident involving a military aircraft at a nonmilitary airport. The bill requires the board and the Minister of National Defence to take all reasonable measures to ensure the investigations are coordinated. Further, nothing in the bill prevents the Royal Canadian Mounted Police from investigating any transportation occurrence for its own purposes.

Further, in order to make clear that transport safety regulators and others are not prevented from investigating any transportation occurrence for their purposes, there are provisions in the bill which permit them to do so. For example, the Department of Transport's Coast Guard will be able to investigate for purposes of marine safety regulation or enforcement connected with its responsibilities under the Canada Shipping Act.

There are many other clauses in the bill that are designed to ensure cooperation and smooth coordination of the board's activities with those of other federal and provincial agencies. The most important of these clauses is clause 15(1), which states in part:

Where . . . during an investigation into a transportation occurrence under this Act, a department . . . investigates that transportation occurrence or undertakes remedial measures . . . the Board and the department shall . . . ensure that their activities . . . are co-ordinated.

The board must also make every effort to enter into agreements with other federal departments to ensure that investigation activities will be coordinated and unnecessary duplication avoided.

Finally, under clause 16, the board must make all reasonable efforts to enter into agreements to ensure their investigation procedures and practices are compatible with those followed by provincial police and coroners. The board is required to make all reasonable efforts to enter into agreements with the provinces concerning investigation practices and procedures.

The interests served by good regulation and appropriate remedial measures require that accident investigations be carried out in an efficient and effective manner and that the various activities with respect to a transportation accident are carried out with the minimum of overlap and confusion.

Another very important part of the investigative process allows persons to attend as observers at an investigation of a transportation occurrence conducted by the board, if the person: (a) is designated as an observer by the Minister of Transport in order to obtain timely information relevant to the

responsibilities of that minister; or (b) is designated as an observer by the minister responsible for a department having a direct interest in the subject matter of the investigation.

Honourable senators, I have talked a great deal about cooperation in several contexts. I want to close by repeating again how impressed I have been by the cooperation shown by all interested parties in the development of the bill now before us. There have been representations made by industry, labour and other interested parties, including the Metro Toronto Residents Action Committee, the Canadian Bar Association, the Consumers Association of Canada, the Canadian Chamber of Commerce, provincial departments responsible for transportation, and provincial attorneys general and members of Parliament. Those and others have all contributed ideas of merit. Those ideas have helped to shape the bill and, as a result, have assured that the bill goes a long way towards satisfying the many interests expressed.

This spirit of cooperation is most admirable and much appreciated. I would hope that the Senate, in its review of the bill, will follow the members in the other place and expedite its passage so that its potential contribution to transportation safety can be realized.

Some Hon. Senators: Hear, hear!

Hon. Peter A. Stollery: Honourable senators, I must say that it never fails to amaze parliamentarians, at least this one, the length to which departmental officials will go to make a fairly simple and straightforward matter a long-winded affair when they are describing a bill that they have produced. This bill, honourable senators, is not one that deserves a great deal of discussion in this chamber, although I suspect that at committee it might prove a little more interesting.

I should like to remind honourable senators that what we are talking about, after all the verbiage, is a rehash of the old Canadian Aviation Safety Board that was set up in 1983 or 1984; I do not remember the exact year.

The Canadian Aviation Safety Board fell apart because there were fights among the members of that board. It is really no more complicated than that. This bill attempts to give us a board that can investigate accidents in Canada. The legislation that gave us the Canadian Aviation Safety Board involved a system of appointments that was so disastrous that we wound up, for the first time, in my memory at any rate, with a board investigating aircraft accidents; which was so divided that it left the Canadian traveller confused as to whether or not accidents that had taken place in Canada were being properly investigated. Those of us who assumed we had the technical expertise in Canada—which had been successful for many years—to investigate aircraft accidents were left confused. I think the best example we can all remember is the crash at Gander, Newfoundland. The finding by the majority of the members of the board seemed to say that the wings had iced up, yet we were treated to the story by other members of the board that a bomb had exploded on the aircraft. At least, that was implied. There was great acrimony and they criticized the majority decision of the board.

The problem did not have anything to do with the main body of Bill C-2; the problem, which relates to the membership of the board, is addressed primarily in clause 4. Clause 4 sets up the board and says that it should be made up of five members appointed for seven years. I think it is important to remember that there should be three directors of investigations.

Honourable senators, I bring to your attention the fact that clause 4, paragraph (5), in fixing a term of appointment or reappointment, says the following:

In fixing a term of appointment or reappointment, the Governor in Council shall endeavour to ensure, to the extent that it is practical to do so, that, notwithstanding periodic changes in the membership of the Board, it remains constituted at all times at least partly of persons who have had previous experience as members.

I say to honourable senators that that should cause us to be concerned about who the previous members of the board were, because I assume that the government will follow its own advice and reappoint some of the members of the Canadian Aviation Safety Board. I say that because the bill states that this board "should be constituted at all times at least partly of persons who have had previous experience as members."

• (1520)

I think it is important to remind honourable senators that clause 63 of this bill reflects on the problems that have taken place through the appointment system to the board. It says that there will be a review of this process in 1993; in other words, having had an unprecedented disaster with the appointment system, instead of having to take something unexpected to Parliament, they are now considering reviewing the matter again in 1993 to see if the appointment system is working. I think those two elements are what we should be interested in, but in particular the matter of how this appointment process takes place. We should follow the advice of the bill that expertise and experience in the various forms of safety are very important.

My own view is—and I understand that the minister may also be of that view—that five members is not going to be enough. Personally, I think that a seven-member board would have been better.

Honourable senators, I also noted in the bill that the chairperson is referred to as the "chairperson." I have tried to find "chairperson" in the *Oxford Dictionary*. There is a "chairman" and a "chairwoman," but I have not been able to find "chairperson." I do not know if that is a word or not. At any rate, the chairperson, the chairman or the chairwoman, however you want to think of it, has a great deal of power under this system. I assume that that is so because that person will then be able, unquestionably, to settle disputes that occur among members of the board in order to avoid the problems that have taken place in the past.

I would remind the committee that the directors of investigations are also very important in all of this. There are three directors: one for air, one for marine, and one for rail and

commodity pipelines. It is interesting to note that on the former board the problems seemed to revolve around aircraft accidents. We all remember the crash in Gander, Newfoundland, and the one in Dryden, Ontario. The members of the committee were always arguing among themselves as to why these aircrashes took place, although the same problem does not seem to exist in other areas of transportation regarding other accidents.

At any rate, honourable senators, I do not have anything more to say about the bill, because it is, as I say, extremely straightforward: it addresses the problem of disputes between dissident members and the majority of the old board. I would be interested in hearing more about those disputes, and I think we should look into the appointment procedure to ascertain why those disputes occurred and where the old system broke down.

I do not recall anything like this happening in an area which is, after all, a technical area. You do not employ people to look into a complex airplane accident who do not have a tremendous amount of technical experience or who do not know what they are talking about; so how could you possibly wind up in a situation where you have a bitter fight between a narrow majority and a vociferous minority?

Honourable senators, I think the best thing we can do is to proceed to committee and seek the answers to some of these questions that come to mind.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker pro tempore: Honourable senators, when shall this bill be read the third time?

Hon. Norman K. Atkins: Honourable senators, I move that Bill C-2 be referred to the Standing Senate Committee on Transportation and Communications for consideration and report.

The Hon. the Speaker pro tempore: It is moved by the Honourable Senator Atkins, seconded by the Honourable Senator Spivak, that the bill be referred to the Standing Senate Committee on Transport and Communications. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I have a comment on the motion of reference. We will support this motion. However, it will not be because of the memorandum I referred to earlier today; it will be in spite of it.

The Hon. the Speaker pro tempore: Is it your pleasure, honourable senators, to adopt the motion?

On motion of Senator Atkins, bill referred to the Standing Senate Committee on Transport and Communications.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Leave having been given:

Hon. Eileen Rossiter moved the second reading of Bill C-8, to amend the Department of Labour Act.

She said: Honourable senators, I wish to thank you for the opportunity to bring before you a brief amendment to the Department of Labour Act.

This amendment is necessary to permit Labour Canada to continue to provide assistance to older workers who have become victims of major permanent lay-offs and who, after exhausting all opportunities for re-employment, as well as their unemployment insurance benefits, still have no prospects for re-employment.

As honourable senators are aware, Labour Canada has been actively involved for many years in the provision of assistance to some members of this group of laid-off older workers. Indeed, currently, almost 8,000 of these workers are receiving assistance under the Labour Adjustment Benefits Act, otherwise known as LAB. However, I want to reassure the honourable senators that the brief amendment we are considering today in no way affects these beneficiaries. They will continue to receive their full benefits under the LAB Act until they reach age 65.

The LAB program, however, has a number of serious flaws. First, the only industries designated nationally for assistance have been the very narrow group of textile, clothing, footwear and tanning industries. Second, the LAB program contains very poor work incentives, because, even before taking income tax into account, 60 per cent of every dollar earned by beneficiaries is lost through reduced benefits. Third, it discourages private sector involvement by fully deducting from LAB payments all payments offered by employers. Fourth, it offers no opportunities for the provinces to participate in helping older workers.

For these reasons, in 1985 and 1986, the government undertook full consultations with the provinces, businesses and unions on the need for improved assistance for laid-off older workers. They encouraged the government to find a better way to help these workers. This led the federal government, in its 1986 budget, to indicate its intention to work with the provinces to develop a new Program for Older Worker Adjustment and to commit \$125 million to the program.

● (1530)

Two and a half years of constructive discussions with the provinces and more than 35 federal-provincial ministerial meetings led to the joint development of the new Program for Older Worker Adjustment, or POWA. Details of an implementation plan for POWA were announced on October 6, 1988. Eight provinces, namely, Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta, have already agreed to participate in POWA, and I understand that British Columbia has recently joined their ranks.

This is an outstanding degree of initial provincial participation for a new cost-shared federal-provincial program and a significant accomplishment. For example, the hospital insurance plan was launched in 1958 with five provinces and it took until 1961 for all provinces and territories to participate. The medicare system was adopted in 1966; by 1968 only two provinces were participating in the program, and it took until 1972 for all provinces and territories to join. With regard to Ontario, which has not yet agreed to participate in POWA, the continuing discussions regarding its participation in the new program are encouraging.

The basic principles of POWA, which are embodied in the proposed amendment, are as follows: one, it is open to all sectors and regions; two, it is based on a full partnership with the provinces; three, it offers scope for employer involvement; and, four, it provides better work incentives.

Honourable senators may wish to note that the basic principles of POWA are much fairer and more equitable than those of the LAB program. This amendment also includes appropriate transitional measures for older workers in sectors formerly covered by LAB.

For industries covered by LAB during August 1986, when most of the designations expired, the legislative amendment ensures that layoffs taking place between the expiry of those designations and the January 1, 1988, effective date for POWA are eligible for consideration. For any of the layoff cases being considered under POWA that occurred between August 1986 and POWA's announcement date of October 6, 1988, the legislative amendment would permit workers under the age of 55, whose age plus years of service equal 80 or more, to be eligible for consideration under POWA, because these workers would have been eligible for consideration under LAB. These transitional measures are necessary to ensure continuity between LAB and POWA for workers in industries formerly designated under LAB.

Since the announcement of POWA's implementation plan on October 6, 1988, the government and its provincial partners have already been asked to assess several hundred layoffs. Speedy passage of this amendment would enable the government more promptly to assist some of the laid-off older workers who have already exhausted their unemployment insurance benefits. These workers have pressing needs.

Organizations such as the Canadian Labour Market and Productivity Centre, the Advisory Council on Adjustment, the Economic Council of Canada, and the Canada Employment and Immigration Advisory Council have all publicly urged implementation of POWA as soon as possible. Members on all sides of the other place have also previously urged the government to implement POWA.

Correspondingly, I am asking all honourable senators now to support this brief amendment to the Department of Labour Act, which will get desperately needed assistance into the hands of older workers who have lost their jobs through permanent work force reductions.

On motion of Senator Frith, debate adjourned.

[Translation]

HEALTH CARE

EVOLUTION OF COSTS—APPOINTMENT OF COMMITTEE— DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on the evolution of the costs of Canada's health system and its consequences and to the need to appoint a committee or a sub-committee to study the matter.—(*Honourable Senator Doody*).

Hon. Paul David: Honourable senators, I know that since I started this debate with an inquiry, by taking the floor again today, I automatically prevent any other senator from speaking on this subject. I did not notice other senators who wished to speak. With Senator Doody's permission, and especially considering the notice of motion that I presented today, I must close this debate. I wish to thank Senators De Bané, Gigantès, Barootes and Haidasz for contributing their capable insight to the discussion that I raised on health care.

After discussion with Senator Marsden, who chairs the Committee on Social Affairs, Science and Technology, we intend, with the notice of motion I just presented, to refer this matter for discussion to the committee that she chairs. That is why my only task today is to thank all those who kindly supported my inquiry and the suggestion I made to refer this matter to a committee or a sub-committee.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, am I to understand that this inquiry is to be referred to the committee? Has a motion been made for this purpose?

Senator David: Honourable senators, at the beginning of today's sitting, I made this request at the time for notices of motions. I presented a notice of motion to refer this matter to the committee. You will find this motion on the Orders of the Day for next Tuesday.

If you wish to make an exception to the rule and allow me to refer the matter immediately to the Committee on Social Affairs, Science and Technology, I have no objection, because it is a pure formality.

Senator Frith: Honourable senators, Senator Marsden told me that an agreement had been reached between you. The motion does not appear on my list. Is it because permission was granted at the beginning of today's debates? I understand that the notice was presented today and that permission was granted. So I understand and thank you very much.

The Hon. the Speaker pro tempore: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

[English]

FEDERAL ELECTION, 1988

THIRD-PARTY ADVERTISING—DEBATE CONTINUED

On the Order:

[Senator Rossiter]

Resuming the debate on the inquiry of the Honourable Senator Gigantès calling the attention of the Senate to third-party advertising during the last federal election.—(*Honourable Senator Gigantès*).

Hon. Philippe Deane Gigantès: Honourable senators, I resume my remarks of yesterday, which are the result of research done for me by Miss Sarah Dearing on what happened during the last election campaign. This is research that involved studying six newspapers from one coast to the other and measuring the inches of their headlines, measuring the inches of their Op-Ed page, articles, pro and con debate, and the volume of advertising by third parties.

• (1540)

The purpose of this research was to determine whether the Canadian public was sufficiently informed to make a decision—an informed decision—on the major issue before you. It is clear from this research that the Canadian public was not sufficiently informed, either by the party opposite or by us. I have a copy of my speech here, which contains all the references. Should any honourable senator wish to have a copy, I will be pleased to provide it.

Some of my colleagues in the Liberal Party said that the Free Trade Agreement will endanger our medicare system. In a speech made in the Senate, which later became a book, I said that the Free Trade Agreement will not endanger our medicare system.

At one point in time Prime Minister Mulroney said that the Free Trade Agreement would mean thousands of new jobs for our youth in the future. It does not matter whether we are speaking of young Canadians in Quebec, Alberta or British Columbia; their message to us is clear: Give us this marvelous opportunity. Create jobs and we young Canadians shall build a stronger and more united Canada.

The Prime Minister also said that the Free Trade Agreement will mean better and higher paying jobs, lower costs and more profit. This, in turn, means businesses will invest more into technology, giving Canadians higher quality and higher paying jobs. However, based on the assumption that Canadian productivity will jump as a result of tariff elimination, the Economic Council of Canada projected 251,000 new jobs over a ten-year period, or 25,000 jobs per year. Of those 251,000 jobs, according to the Economic Council of Canada, 182,000 jobs would be in lower paying service areas such as retail, restaurants and hotels. Only 18,900 jobs would be in the manufacturing industry competing with the United States. Prime Minister Mulroney obtained most of his figures from this study by the Economic Council of Canada.

To put the perspective against what the Prime Minister was saying, in the last five years Canada has netted an average increase of employment of more than 300,000 jobs. It is against this performance that the extra 25,000 jobs a year should be seen.

Another selling point advanced by the proponents of the free trade bill was that tariffs would mean lower prices for consumers. As January 1, 1989, approached, we heard a different

voice. A government which boasted massive savings when attempting to sell the agreement was trying to downplay consumer expectations. Consumer Affairs Minister Harvie Andre predicted that by the time the deal is fully phased in the tariff will result in an annual saving of \$800 a year for the average family. Shortly after the election there was obviously some doubt, because the same minister warned businesses that they had better pass on the savings.

Whether or not businesses pass on the savings, consumer benefits are questionable for yet another reason. After ten years the federal government would lose approximately \$3 million a year from reduced tariffs. Some of that would be offset by higher tax collections elsewhere if the economy were stronger as a result. The Consumers' Association of Canada and the Conference Board of Canada warned that other taxes would have to be raised to offset the loss of tariff revenue. The Consumers' Association feared that the benefits from tariff cuts would be wiped out by the need for higher tax revenues.

Conflicting images were being given to the voter. We will come to what the media did about this. In addition to the images of benefits in the shopping centres, many people held the misconception that after January 1, 1989, they would be able to travel to the United States and bring back unlimited booty. To handle the confusion, Canada Customs launched an advertising campaign to try to set the record straight. It has set up a toll-free number to handle questions. During the election campaign proponents of the free trade deal fed the illusion that one could go south of the border immediately and buy, among other things, Japanese products, which are not covered by the agreement.

However, during the election campaign, when voter support for the Free Trade Agreement began dropping, the Prime Minister presented the issue in a different way. He said that the basic tariff of the Free Trade Agreement is to protect the two million jobs that depend on the U.S. market. He also said that, in the absence of a trade agreement, U.S. surcharges could be placed on Canadian exports, which would cost jobs.

According to the Economic Council, only 22,000 fewer jobs would be created over ten years if the agreement were not signed and the Americans turned nasty. Whom was the voter to believe? Free trade backers in Canada, including business leaders, forecasted that, if the free trade pact were not signed, U.S. industries would launch a wave of trade actions against Canadian imports that could cost thousands of jobs and jeopardize future economic growth. The Prime Minister said:

If tomorrow morning, or in the absence of a free trade agreement, the American government imposed a surtax of 10, 15 or 20 per cent on such products (pulp and paper) that would be the end of several towns in Quebec, and the loss of thousands of jobs in Quebec.

He continued:

(Turner's) Captain Canada talk may even make Canadians feel a little better protected. God knows, maybe even a little more patriotic. But certainly it's going to make us all poorer.

Mr. Lorne Walls, spokesperson for the Canadian Alliance for Trade and Job Opportunities, said:

I can tell you if it doesn't go through, we'll all be in trouble. Our standard of living will start going down on day one.

Of course, on the face of it, that is an utter absurdity. It would take the Americans at least three months—if the American Congress can work that fast—to put measures of retaliation into place.

The Honourable John Crosbie, on the prospect of tearing up the agreement, said, during the election campaign:

I think I can quote several economic forecastings firms, including the Economic Council of Canada, who indicate the immediate results would be a flight of capital from Canada, a failure of investment capital to come in here, a lowering in the value of the Canadian dollar with a consequent increase in interest rates. Those would be the immediate economic results.

The Economic Council, in April of 1988, assessed what would happen. They said:

Failure to ratify the agreement would be unfortunate but not catastrophic.

Although that study found that free trade would benefit Canada, Sunder Magun, one of the economists who participated in the report—in fact, he led the team—also drew attention to the study's prediction that, even without free trade, Canada's "standard of living would nonetheless continue to improve." Again, here we have the voters faced with two totally contradicting views.

● (1550)

According to Harry Freeman, the executive vice-president of American Express, "It could be a nasty scene in 1989" if the pact is turned down. "A lot of trade complaints are stacked up right now, held off because the U.S. government said conditions would improve under a free trade deal."

But such fears were apparently groundless, according to U.S. trade experts, academics and U.S. congressional aids. Even Freeman was hard pressed to cite examples of "stacked-up cases." Indeed, Canada will be, and is, facing the same number of American trade cases in the coming two years, regardless of whether or not a free trade deal is in effect. Cases were expected to be filed affecting Canadian exports of cars, beer, wine, uranium, fish, steel and lumber at the time the agreement was signed.

Even Thomas d'Aquino—and sometimes I find it difficult to pronounce his name; not because my tongue cannot get around a foreign word but because I do not like his tactics—chief executive of the Business Council on National Issues, said, before the Free Trade Agreement was reached:

If an accord cannot be reached, the Americans will not lash out at us with a vengeance.

He added:

There is no question that it is going to become rougher, that there is going to be hand-to-hand combat on some

individual issues. But we should not reach for a cup of hemlock.

I quote him because I want to put on the record that he did occasionally tell the truth.

What did the media do for us? Clearly, here was a case where the media should have helped the public to sort out facts from fiction.

The report from the Royal Commission on Newspapers states that the first and pre-eminent role of the media is a public service mission. I am sure that Honourable Senator Doyle agrees with that statement, because he honoured that mission. It goes on to state that a free and vigorous press is universally recognized as being vital to the proper functioning of an open democratic society. This lays a clear duty on the owners of the newspapers to ensure that their readers are fully and fairly informed about the condition of the society in which they live.

In a sampling of six Canadian newspaper editorial and opinion pages, 11,315 inches of space were devoted to the free trade issue. Of that amount, 51 per cent gave the pro argument; 40 per cent the negative; and 9 per cent was neutral. Of that total negative argument, 42 per cent appeared in the *Toronto Star*, four of the six papers clearly stated that their editorial stance was pro free trade, and only two—the *Halifax Daily Chronicle* and the *Edmonton Journal*—came close to presenting a fair presentation of both sides. Several newspapers ran editorials from American newspapers and columns written by Americans, all the while arguing that free trade would not affect our culture and that their influence would not be too great.

Walter Lippmann once said:

... the task of selecting and ordering ... news is one of the truly sacred and priestly offices in a democracy ... The power to determine each day what shall seem important and what shall be neglected is a power unlike any that has been exercised since the Pope lost his hold on the secular mind. Now, more than ever before, print determines if not how we think, then certainly what it is that we think about ... Print, principally newspapers, determines society's agenda.

A study of public opinion in Canada from 1960 to 1978 found that public perceptions of the most important problems facing the country were related not only to the actual incidence of unemployment and inflation, for instance, but also to newspaper headlines. So I have examined the headlines during the election to determine what perceptions the Canadian public may have developed.

Free trade was the primary agenda issue of the 1988 election campaign. That is no surprise. Of the election stories on the front pages of the newspapers surveyed, free trade accounted for 30 per cent of the stories; 45 per cent of these were critical of free trade; 38 per cent were pro free trade; and 17 per cent were neutral. The majority of the stories were reports of what the leaders were saying, not providing substantial information on the subject. Newspapers did not deem free

trade to be an important issue until after the leaders' debates. Up until that time it appeared that the most critical issue of the campaign was the performance of the leaders, in theatrical terms.

General campaign stories dealing with non-issues, such as party strategies—as if the reporters could really know what those were—advertising, image, performance reviews, projections and campaign themes, were equally or more prevalent than free trade, with a national average of 38 per cent of the stories devoted to these non-issues. The *Globe and Mail*, newspaper of the "opinion leaders," devoted 42 per cent of its front page election stories to non-issues. In addition, 12 per cent of the newspapers' stories dealt with public opinion polls, pushing the non-issue, or "horse-race," total to 50 per cent.

Perhaps more worthy of that space would have been information about the proposal to purchase nuclear submarines, the environment, the proposed national sales tax or the deficit.

Senator Stewart: Oh, no! Don't mention that word, please!

Senator Gigantès: Okay. This focus on non-issues is not new to Canadian election campaign coverage.

In my notes—and I will not read you this—there is a study looking at the 1984 election campaign with the same sort of analysis. The results are parallel in the 1988 campaign, as I had it studied.

On October 24 the *Globe and Mail* ran two front page articles comparing the Canadian and U.S. elections. It praised Canadian politicians as more willing to discuss policy and answer questions than their American counterparts—and that is true. The article states:

In the U.S., in place of George Bush, the Republicans serve up a steady diet of "spin doctors" who are available for comments on inconsequential details of the campaign contributing to horserace coverage to the exclusion of most ideas.

I read to you earlier that the *Globe and Mail* gave a lot of space to the horse-race aspect.

To some extent polls are said to make journalists' jobs a good deal easier, in that quoting a few numbers and commenting on them requires less time and effort than do more broadly based appraisals. There are some who would maintain that, whatever the concern about polls effectively crowding out more substantial issues in the media, fear of their direct, and somewhat illegitimate, effect on voter behaviour is unfounded. The evidence in Britain is that public opinion polls do influence the way some people vote and that they are being taken into account by increasingly large numbers of people. I have the footnotes, if anyone wishes to see them.

In 1985 the Roper Organization, a polling organization in the United States, found that 9 per cent of the people surveyed felt that polls had "almost no influence on behaviour," but 58 per cent felt that they had "some influence" and 21 per cent felt they had "quite a lot of influence."

The *Globe and Mail* added a new twist to the reporting of public opinion polls as well, adding the economic impact

factor. Twice the *Globe and Mail* ran results favouring the Liberals, accompanied—just under it—by articles on plummeting stock prices and the Canadian dollar as a result. When the Liberals fell down, but the stock market did not rise up, the *Globe and Mail* did not point out the relationship between the standing of the Liberals in the polls and what the stock market was doing, but it was used visually as a correlation which did not exist.

● (1600)

If the newspaper sets the agenda for society, then the agenda for the 1988 federal election focused on who was running the most interesting campaign and who was likely to win. If the media are the prime source of information on candidates, it is no wonder that there was confusion on issues, including free trade. The manner in which the stories on free trade were presented did little to clarify the issues. We were simply bombarded with conflicting statements, with each side calling the other a liar.

In recent years the scholarly literature on mass communication has introduced the concept of a "knowledge gap." It suggests that the effect of the mass media in transmitting political messages is to increase the gap in knowledge between high- and low-status voters—well-educated, high-income versus less-educated, lower-income—and thus further enhance the significant information, and thus power, advantage that high-status voters already enjoy. This suggests that the media may not be fulfilling their role in providing substantial and meaningful information for the mass of average Canadians.

In elections, because the lower-educated groups may not know as much at the end of a campaign about the issues and candidates as the higher-educated groups, they are less able to vote in their own interests and are more susceptible to being manipulated by political advertisements against their own interests. If there was any election in Canada's history where voters were ripe for manipulation, it was certainly the last one, and by both sides. The critique in this issue is bipartisan, or perhaps tripartisan. I remember the advertisement of the NDP featuring a grandfather and a little grandson going to fish. It looked exactly like a Coca Cola commercial wherein Art Carney played the grandfather. It is a charming commercial, and you feel like running out and voting for the little kid.

Senator Frith: Perhaps "nonpartisan" would be better than "tripartisan."

Senator Gigantès: Very well, nonpartisan. In the 1988 campaign many political observers said that the image factor was likely to play an equally decisive role as in 1984. The reason, according to political scientist Walter Soderlund of the University of Windsor, is that all three parties were attempting to pursue uncommitted voters—the so-called switchers, who, by changing party allegiance from one election to the next, determine the outcome of the elections. By definition, switchers do not identify with any one party, and they are not strongly influenced by ideology. As a result, they look to the leaders—or, more precisely, to the image of the leaders portrayed in the media—as a guide in making their choice. In other words, they

look to the results of the work of those who sell aspirin under different labels, and use extremely wonderful, cinematographic techniques to make their product appear better.

Said Professor Soderlund:

It is a sad commentary on the political system, because public personae are what sell the leaders—and ultimately the parties—to the voters.

As political campaigning becomes increasingly sophisticated and more akin to marketing, the voters' choice on election day becomes ever more illusory. Critics argue that political leaders will be selected primarily for their skills as performers rather than for their vision, integrity and intellect.

Political scientist Frederick J. Fletcher of York University said on the subject:

The moment a campaign becomes solely an exercise in political marketing, debate about the future of the country drops right out of the process.

An 1984 study showed that 63 per cent of Canadians depend on television as their main source of news.

Senator Frith: How many?

Senator Gigantès: Sixty-three per cent. According to experts, the dominance of television in political campaigns has exaggerated the importance of leaders' images. The reason, they say, is that even in-depth television coverage of election campaigns leaves viewers with a superficial impression of the candidates.

John Meisel, former chairman of the CRTC, has described television as a "major factor in the so-called presidentialization of Canadian politics"—that is his word. Said Meisel:

The whole political process has become a form of entertainment, a sport. I do not think you can blame anyone—it is the nature of our society that we are more concerned with appearances than substance.

Honourable senators, I do not necessarily share Mr. Meisel's view, but that is his perception. However, the television networks do have a responsibility to provide the best possible coverage of an election. More and more they use what are called the "15-second sound bites." When I was working for Trudeau, those sound bites were 30 seconds. It seems they have shrunk them—probably because they did not like the quality prose I wrote. Sound bites are catchy phrases concocted by party strategists, uttered by the candidate on the campaign trail. The networks, however, do have the choice not to use material if it is insubstantial. Instead, by using those bites they help contribute to the shallowness of the campaign on all sides, and by airing exactly what the aspirin-packagers want them to air.

One disturbing aspect of television's participation in the federal election is the apparent emergence of concern for revenue outweighing their responsibility to cover the election as thoroughly and effectively as possible. We saw that when the networks were being niggardly about how much time they would allot to the debates because they would lose advertising time. Perhaps if the political parties had agreed to aspirin

ads—and perhaps aspirin would have been an apposite thing—they might then have given us more time on television.

Honourable senators, it was the debate that changed the nature of the 1988 federal election and it resulted in an unprecedented shift in public opinion polls, at least temporarily. The impact of this one single media event reflects the incredible power of television and underscores its duty in a democratic society. It is not adequate for television to act as a propaganda organ for political representatives of whatever party and for their marketing managers. It deadens democracy.

Honourable senators, let us now look at advertising. The worst development is that political points of view are now being promoted—and not debated—in a manner similar to competing commercial products, through advertising. There is a great deal of scholarly literature, studies and so on on this subject, all of which I have mentioned in footnotes here in my speech. If senators feel like reading them, they are welcome to do so.

In 1981 the public affairs division of the Conference Board of Canada held a conference on advocacy advertising. The Conference Board described advocacy advertising as a means of communication that:

... business, government and special interest groups have recently adopted to place their message directly before the public without intermediary interpretation by the press or others not disposed to their viewpoint.

Honourable senators, as you will see, because I will repeat it later, I have no objection to a politician doing that. After all, that is what politicians are for. However, I do object very strongly to nonpoliticians doing it, because nonpoliticians are not accountable. A politician aims for power. He will participate in legislation. If he succeeds with his technique, he then must deliver. If he does not, he may have to pay the consequences. However, someone sitting outside the political arena and using these techniques, which are so effective, is somehow participating illegitimately. To use an example given on a television show by Mr. Jean-Marc Hamel, who has been in charge of elections for some time, the last election looked as if you had a boxing match in which the opponents were carefully checked to see that they had gloves of equal weight; that they did not have anything with which they could hurt their opponents, et cetera. You then let them fight with one another under the Queensbury rules, but you permitted the audience to pelt principally one of the two boxers with anything they wanted to while the fight was going on. So it is a problem we must address.

• (1610)

In the 1988 election an unprecedented amount of money was spent for exactly what I have been describing. It renewed concerns over unbridled third-party advertising during an election campaign. The problem, however, is that, as we all recognize, putting a lid on it is deemed by many to be an infringement on the freedom of speech and of participation by a wide range of interests. "Certain people tend to believe that

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intervention by small and medium-sized business in a campaign like this is anti-constitutional", said Mr. Mulroney. On the contrary, that is democracy. It is not medium-sized business; it is big business that intervenes. Medium-sized business does not have the bucks.

The United States has already experienced massive corporate lobbying through advertising during political campaigns. Researchers have suggested that grass roots lobbying has a strong impact, sometimes long before a campaign. Although causality is difficult to determine, the expenditures no doubt play some role in shifting public opinion. Otherwise, businessmen would not spend the money.

A report examining ballot initiatives over nuclear power in the United States showed that antinuclear initiatives in one state spent \$231,000 and pronuclear forces spent \$1.375 million, managing to shift public opinion. That is demonstrated in the documents to which my footnotes refer. The corporations involved argued that they did not buy elections but merely informed the public. Post-election polls consistently revealed that the opponents of the bills used the precise wording of the anti-initiative campaign, "the wrong solution," when asked why they opposed the measure. So it obviously had been drilled into their heads by the advertising.

One concern in the U.S. is that the groundwork for corporate-interest-group political advertising can be laid well ahead of time by continuous political advertising. Moreover, advertising campaigns may even eliminate some issues from the agenda by helping establish a political climate in which opinion polls demonstrate the unlikely success of initiatives unfavourable to business interests.

Perhaps the Canadian Alliance for Trade and Job Opportunities felt their work was complete before the election began. When *Marketing Magazine* heard of the Pro-Canada Network's plan to distribute two million copies of its comic book, which, incidentally, distorted the issue, one of the magazine's reporters called the Alliance for its reaction. Mr. Lorne Walls, spokesman for the group, said that the organization would not be running advertising during the election campaign: "We have nothing to do with politics." Walls said, "We've always kept a long arm's distance from all governments and all parties and we're a little apprehensive about being active during the election campaign because now it's a partisan issue." This is a delightful statement by Mr. Walls, because the minute the polls seemed to indicate that the Liberals were having an impact in combating free trade, Mr. Walls and his organization started pouring out the money and putting advertisements in the paper.

It seems to be a moot argument in light of the 1988 election campaign of secrecy, half-truths, the stress on image instead of issues, and the "uneven playing field" that emerged in the fight to get information across because of the amount of money available to third parties advertising on one side and not at all on the other. The Alliance says it got into the fray to counteract the lies presented by the opposition. Certainly the Pro-Canada Network's booklet contained misinformation, but Alliance ads were also misleading. That alone is one reason for

us to look at third-party advertising. Here is third-party advertising on both sides that is misleading. You can prove it is misleading.

It is assumed that "handicapping" the electoral process to generate a more competitive race is beneficial. That is what the Election Expenses Act does. If limiting the expenses of an individual who runs for office is good for democracy—and no one disputes that, and, for instance, Mr. Diefenbaker has made great speeches on this issue—then does it make sense not to limit the expenses of others who are intervening in the political process? We must give thought to this problem and try to solve it.

Senator Phillips: Would you include trade unions?

Senator Gigantès: Absolutely.

What can we do to make sure that conflicting ideas are put forth in a balanced way? I think the press has to bear much of the burden here. I would like the advertising to be done to be financed by parties. If you like what a party is proposing, you help that party within the limits of the Election Expenses Act, and you do not get in yourself and start spending tens of millions on one side, whether you are a union or whether you are an association of Canadian manufacturers. One reason for limiting corporate speech is that available evidence suggests that corporate political advertising easily overwhelms other interest-group or private-citizen advertising to secure favourable election outcomes. There is a lot of literature on this issue in the United States.

A sampling of newspaper advertising across the country proves this to be correct. Excluding the special inserts from both the "pro" and "anti" camps, advertising in favour of free trade amounted to 20 times the advertising against free trade. In addition, the research shows corporate advertising amounted to nearly three times more total inches of advertising than that of the Liberal Party itself. It makes one wonder who was running for election.

Corporate political ads cannot be said to enhance democracy by increasing the amount of information in the environment and increasing the number of political factions participating in policy discourse. Arguably, such ads serve to limit the number of participants by changing the arenas of participation to costly mass media. Thus, corporate political advertising may be anti-pluralist disguised behind the mask of pluralism.

That is from an American study. The problem is that, in order to participate as an advocate of a major point of view in this unlevel playing field, one must first be able to afford to purchase the advertising. Very few people can. Plain and simple, and cutting right to the core of the issue, "financial inequalities pose a pervasive and growing threat to the principle of 'one person, one vote'," because you cannot divorce vote from voice. You cannot have one person, one voice, when one person can use the mass media to amplify his or her voice to the point that it drowns all the others.

Corporate lobbying efforts raise important questions on the symmetry of discourse. In brief, democracy may not be possi-

ble where citizens are not roughly equal in their capacity to govern, to hold positions on the issues or, arguably, to participate. Corporations can potentially become derivatives of the "new class", setting the boundaries of political debate through their presentation of technical solutions and efforts as well as their ideology through advertising. With financial constraints not faced by corporate advertisers, only a handful of opposing interest groups can articulate their positions, and, even then, not to the same extent as business interests.

● (1620)

Equally important is whether or not ordinary citizens will be able to resist corporate political ads disguised as informative or image ads if they are not skilled enough to question the technical claims or evidence presented. There has been a lot of academic study in the U.S. on that.

Until recently the targets of most business lobbying efforts have been legislative and regulatory bodies in the United States rather than the mass public. Corporate and business interest group representatives, aside from feeling elite kinship with public policymakers, believed elite access was more important than mass persuasion. Efforts could be concentrated geographically and reserves of good will and trust developed with decision makers. The public was seen as irrelevant or too diffuse, with neither the desire nor the ability to understand the complexity of issues.

There was ample questionable information presented during the 1988 campaign. A full-page advertisement sponsored by Bayrock Yellowknife Resources Inc. quotes Thomas d'Aquino as saying, "Free trade doesn't mean you will be out of a job. The overwhelming consensus among Canadian economists and the Economic Council of Canada is that free trade will create more jobs than it will destroy and the new jobs will generally be better and higher paying." This is fairly modern for Mr. d'Aquino.

Referring once more to the Economic Council of Canada's projection, of the slightly more than 250,000 new jobs, 182,000 of those would be low-paying jobs, such as those found in the retail trade, restaurants and hotels, and only 18,900 would be high-tech jobs.

The four-page insert produced by the Canadian Alliance for Trade and Job Opportunities, which I am sure you will remember was called "Straight Talk on Free Trade", was chock full of questionable evidence. A question found in that document was: "Won't Canadian business lobby to reduce spending on social and other programs?" The answer was: "Not at all." They have not been doing anything else since the election. The Canadian Chamber of Commerce, the Canadian Manufacturers Association and the Business Council on National Issues have all pushed and still are pushing for big cuts in social programs.

After the election Mr. d'Aquino said that the problem with the country was that we had too many social programs. Roger Hamel, president of the Canadian Chamber of Commerce, after the election, asked the Mulroney government to make cuts of about \$4 billion a year from unemployment insurance

benefits, without specifying that the money should be put into retraining programs. Mr. Yves Guerard, chairman of the Canadian Chamber of Commerce, has also attacked the same programs.

It is therefore crucial for us, and all politicians, to examine the democratic limits on what third parties can do during an election before it gets completely out of hand. It may be that we should examine the possibility that third-party advertisers should express their opinions only through the political party that agrees with them; and that such an expression should come under the rules limiting electoral spending. That comment applies to all groups, including unions. There are newspaper publishers who feel they may lose revenue in that way, but that is just too bad. I think they can survive very nicely.

If Mr. Mulroney truly believed Canada could retain its sovereignty, he would not hesitate to condemn American corporations for their financial support—which amounted to 20 per cent in terms of the Alliance's effort to sell the Free Trade Agreement. A sign of the Prime Minister's sincerity and commitment to retaining our sovereignty would be to forbid this practice in the future. A sign that he believes in democracy would be for him to impose the very limits imposed on politicians upon third parties, whether they be unions, business or professional groups, that want to participate in elections. If we do not do this, we are going to become more and more Americanized, and important issues will be treated like the selling of aspirin.

Some Hon. Senators: Hear, hear!

Hon. Efstathios William Barootes: Would Senator Gigantès entertain a question?

Senator Gigantès: Of course, we must have our usual dialogue.

Senator Barootes: I regret being the first to rise, because there are important people here who want to ask the honourable senator several questions, but my own is very simple.

In terms of assessing the free trade reports in the newspapers, who made the judgment as to whether they were favourable, unfavourable or mutual?

My second question is: In assessing the articles in the newspapers, did the honourable senator equate the *Toronto Star* with 485,000 or so circulations with the *Kelowna Gleaner* with its circulation of 22,000?

Senator Gigantès: My honourable colleague was obviously not listening to me—and I don't blame him.

Senator Doody: Incredible!

Senator Frith: Do blame him. Why shouldn't we all listen?

Senator Gigantès: I considered the main newspapers in the main cities: the *Halifax Chronicle Herald*; the *Montreal Gazette*; the *Ottawa Citizen*; the *Toronto Globe and Mail* and the *Toronto Star*; one newspaper in Saskatchewan; the *Edmonton Journal*—I did not consider the *Calgary Herald* because the resources were limited—and the *Vancouver Sun*. I did not consider the *Kelowna Gleaner*. Whether they were pro

[Senator Gigantès.]

or against was pretty obvious. I asked my researcher to send me stacks of articles and I did a 10 per cent random check. Her choice as to whether the article was pro, against or neutral was pretty fair.

Senator Barootes: It was your judgment.

Senator Gigantès: Yes, it was my judgment. I found that 42 per cent of the *Toronto Star* articles were against the Free Trade Agreement. That paper carried enormous amounts of free trade articles, and I say that in my study. When I tell you that the *Halifax Chronicle Herald* is balanced, you can check that if you like.

Senator Barootes: I trust, then, that the honourable senator made the judgment, and that he did not give any weighting as to the circulation and, therefore, the influence of those newspapers.

Senator Gigantès: I am sure the *Globe and Mail* would dispute that any newspaper, even with a larger circulation, could possibly have more influence than it has. If I were to weight the articles in the *Toronto Star*, I would say that they carried enormous impact because of its large circulation in Toronto. There is no doubt that it would have more impact than the *Halifax Chronicle Herald*. That is a fact.
ronicle Herald. That is a fact.

However, what I was really discussing is the fact that there is nothing much we can do about newspapers except recite exhortations to them about their duty to be fair. Personally, I feel that on its Op-Ed page the *Globe and Mail* was pretty fair during the election. It was quite clear that it was in favour of free trade, but it did give space to those who opposed it, including myself. Other newspapers were not so fair. The *Toronto Star* was not that fair and, although it did not carry anti-free trade writings, it did carry an enormous amount of anti-free trade advertising, and the business lobby compensated for the comment in the *Toronto Star* by flooding the paper with pro-free trade advertising. Therefore, if you are going to weight the influence, you should weight that side as well.

• (1630)

Hon. Richard J. Doyle: I wonder if the senator would take another question or two.

Senator Gigantès: Of course.

Senator Doyle: In the course of your speech you told us that the question of third-party participation in election campaigns is one that is crucial for us all as politicians. That was your second or perhaps third reference to ourselves as politicians. I am certain you are speaking not just for senators but perhaps for people in the other place or for those who are found around us in official parties, and what have you.

Before we start to limit what parties can spend and do, surely we would have to have a definition of what those parties were. You did say, yes, that you would even limit the unions. That is fine. Would you limit the churches? Would you limit the schools? Would you limit the noble societies such as the Orangemen or the Masons, or all people who might come together in a group to talk about politics? Are we to suggest

that during an election period these issues that politicians deal with would only be open to discussion, to publication, or to tacking on to the cathedral door, if you will? That is a good, tried and tested third-party intervention in a hot debate. I just do not have the foggiest notion, senator, what you would do and how you would control this great mass of people, including the Doyle family, which has for generations fought every damned election with great fervour at the dining room table.

Senator Gigantès: Would you like an answer?

Senator Doyle: Are you going to limit all of those people and say that only senators, members of the House of Commons and their appointed people, their agents, are going to be able to spend money or act in any way in consort to make their issue an issue of importance in an election campaign?

Senator Gigantès: Senator, I detect a little sock in your voice about the word "politician" applying to yourself or to me. I feel socked occasionally when people say, "But you are a politician." I still consider myself a journalist, as you probably do. We are not politicians, in the sense that we do not get elected, but we do belong to political parties in a more intimate way than do people outside Parliament.

I did say that it is a very complicated issue and that we should consider where these limits can be applied and discuss it. Although you say the problem is very difficult, you do not seem to deny that there is a problem.

I am not second to you in your admiration of Martin Luther. The only complaint I have about Martin Luther is that he liked Tacitus too much, and he imposed Tacitean grammar on the German language so that all the verbs are at the end. You can get a set of five volumes from a German professor on a learned subject and all the verbs are in the fifth volume. That is Martin Luther's doing. He probably harmed the German nation's capacity to think in commonsensical ways because of that. However, yes, he did nail his writ on the cathedral doors.

It is a difficult problem to deal with, but the Government of Quebec has tried and, while you may disagree, it has grasped that nettle. It took the teacher's union to court for breaking the injunction against political advertising by third parties during an election campaign.

Senator MacDonald: Was it ever challenged?

Senator Gigantès: It is still before the courts.

Senator MacDonald: Can you refresh our memory on the challenge against the National Citizens' Coalition?

Senator Gigantès: The National Citizens' Coalition went to court and won in Alberta, after an attempt to limit them, and the federal Liberal government at the time did not pursue the issue. They left it there. They accepted the judgment in Alberta that it would have been a limit on the freedom of the National Citizens' Coalition. The fact that I think they are pretty flaky does not mean a thing. They probably think I am pretty flaky.

Senator Barootes: The judges of Alberta are flaky?

Senator Gigantès: No. They went to court there. Their president lives in Toronto. That is about as flaky as you can get—excuse me, Senator Frith.

Senator Frith: Senator who? Me?

Senator Doyle: That's all right. It's just preliminary evidence.

Senator Nurgitz: That is the case for the Crown, my lord.

Senator Frith: Well, adjourn it *sine die*!

[Translation]

Hon. Jean-Maurice Simard: Senator Gigantès, may I ask a few questions before I move the adjournment of the debate?

Senator Gigantès: Of course, senator.

Senator Simard: Honourable senators, if I am not mistaken, Senator Gigantès did not include a single French-language newspaper in his study. I wish you would tell me why you did not quote from any of the French-language newspapers.

Do you believe, senator, that if the newspapers had done their job, the results would have been different and the Liberal Party might have been elected?

Do you believe, on the basis of the findings of your study, that the democratic process was undermined by the situation that prevailed during the election campaign?

Senator Gigantès: Honourable senators, businessmen quite obviously believed they could influence the election. That is why, when they saw a change in results of public opinion polls, they suddenly started spending millions and millions of dollars. It is quite obvious that they (Mr. D'Aquino's alliance for progress and free trade, and so forth) believed they had to intervene by spending a lot of money to influence the election. I didn't spend the money, they did. You could say that maybe they didn't realize what they were doing, that they were just wasting their money. I am pretty sure they did a market survey and must have asked the Americans how they did things in the United States, and that is why they did it.

I think you are being unfair about a very important aspect. I have tried to be non-partisan on this issue. What concerns me is not which party won the last election. I am concerned about the process, about the unequal struggle that reverses the initial principle of democracy as formulated for the very first time by Solon in 594 B.C., according to which every citizen had one voice. When you get the sound and fury of billions of dollars, the voice of the average citizen is drowned out. That is what worries me. It should worry you too, if you have any concern for democracy.

Senator Simard: It was not my intention and I don't think my initial comments could be construed as accusing you of being partisan. I asked you whether in your mind you felt, on the basis of your study, that the results might have been different. That is important. If you took this as a veiled accusation of partisanship, I apologize. I certainly did not mean it that way. However, I am still waiting for an answer. You did not answer my question. You mentioned what busi-

ness people had in mind, but you did not say what your intentions were.

I want to get back to my first question. Is there any explanation for the fact that all French-language newspapers in this country were excluded from your study? I think we should realize that the second largest newspaper in Canada, including both French and English newspapers, is *Le Journal de Montréal*. *La Presse* is another major newspaper. *Le Journal de Montréal* ranks second after *The Star*.

Hon. Royce Frith (Deputy Leader of the Opposition): What do you mean by "major", Senator Simard?

Senator Simard: Senator Frith, "major" in terms of circulation. We have *La Presse* and we have other excellent French-language newspapers in Québec and elsewhere. I must say I deplore the fact that Senator Gigantès neglected to consider the journalistic habits of the French-language press and the treatment it gave the last election campaign.

Senator Gigantès: I would like to answer your question, Senator Simard, if you don't mind.

Senator Simard: Of course, Senator Gigantès.

Senator Gigantès: Honourable senators, I examined these newspapers personally. I must say I did not look at *Le Journal de Montréal*. I don't read it. I read *La Presse* every single day, I read *Le Devoir* and I read *Le Soleil*.

Senator Simard: Senator Gigantès, this fact is not mentioned in your study where you gave all the figures you quoted.

Senator Gigantès: Senator Simard, I will tell you why I didn't put this in my study. I did not want to accuse the French-language press of being childishly inept. Let me give you an example: Alan Dubuc, chief editorial writer of *La Presse* said in an editorial, and I could look it up for you, that if Ontario was opposed to the Free Trade Agreement, it must be a good deal for Québec and Québécois should vote for free trade.

I find this sort of editorial childish: If it's good for Ontario, it's bad for Québec. Is fresh air good for Ontario and bad for Québec or vice versa?

The level of childishness in *La Presse's* editorials was so obvious that I did not want to include them in my study because it would have given even more spectacular results for those in favour of free trade and against the rest. If I had written this whole analysis for you, I could not have been very kind towards the editorialists and writers of op-ed pieces in the French-language newspapers in Québec.

Senator Simard: Before moving adjournment of the debate, I would like to make the following comment: it seems to me that Senator Gigantès wanted to make a reasonable, serious effort to analyse six of the country's English-language newspapers. He spent a lot of time and energy drawing conclusions. Based on what he just told us, what he called the childishness of the French-language editorials, and because of a problem that he might have had with an editorialist, he decided to draw conclusions and to automatically exclude French-language newspapers from his study. I think that is not a serious study,

[Senator Simard.]

Senator Gigantès. I will make some more comments later. It will probably not be before the summer recess, unless we sit in July. If other honourable senators wish to participate in this debate, I will gladly give them the floor. Honourable senators, I would like to move the adjournment of the debate.

Debate adjourned for Senator Simard.

● (1640)

[English]

FISHERIES

SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Senate Committee on Fisheries (budget) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, since Order No. 6, Order No. 7 and Order No. 8 relate to approval of budgets for committees, which have already been approved by the main committee and which are simply on the order paper for comment by any honourable senator who wishes to do so, I think I should move the adoption of these reports since no one has commented on them.

Therefore, honourable senators, on behalf of Senator Marshall, I move the adoption of the report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWELFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twelfth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Transport and Communications) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government), for Senator LeBlanc, moved the adoption of the report.

Motion agreed to and report adopted.

THIRTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirteenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Scrutiny of Regulations) presented on Tuesday, June 20, 1989.

Hon. C. William Doody (Deputy Leader of the Government), for Senator LeBlanc, moved the adoption of the report.

Motion agreed to and report adopted.

RULES OF THE SENATE

MOTION TO AMEND RULES 5(b) AND 67 REFERRED TO COMMITTEE

Hon. Royce Frith (Deputy Leader of the Opposition), pursuant to notice of Tuesday, June 13, 1989, moved:

That Rule 5(b), be amended to include "legislative" in the definition of "committee".

The new Rule 5(b) would consequently read:

"'committee' means a committee of the whole, a select committee, whether standing, special or legislative, or a joint committee;"

That Rule 67(2) be amended to remove the words "which does not fall within the subject matters assigned to a standing committee under subsection (1)".

The new Rule 67(2) would consequently read:

"Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee."; and

That the following subsection be added to Rule 67:

(3) A legislative committee shall be composed of not more than twelve members.

He said: Honourable senators, this motion is to be found on page v in the *Minutes of the Proceedings of the Senate*. It is self-explanatory, I believe. The object is to increase the Senate's flexibility with respect to committee study of legislation.

I discussed this with Senator Doody, and he, I think perceptively, said that, as he read it, it meant that we could have a committee created—such as the one we struck for Bill C-22—to study legislation or receive legislation, without having to set up a special committee, if the Senate wished.

The objective of the amendments is to add flexibility to the Senate's procedures and to streamline the mechanics for doing so.

Very quickly, honourable senators, the amendments that would be required would be to amend rule 5(b). That is the one found in the definitions section defining committees, and adds "legislative committee" to the other committees that are already in that family, namely, Committee of the Whole, select committee, whether standing or special, and joint committee.

The second change would be to rule 67(2). That deals with the powers of a committee and, as honourable senators will recall, lists the various committees and the number of senators to serve on such committees, as well as the subjects within their jurisdiction. So there would be an addition to rule 67. There would be rule 67(2), which would state:

Any bill, message, petition, inquiry, paper or other matter shall be referred, as the Senate may decide, to any committee.

By that point a "committee" would be defined to include a legislative committee.

The third change would set out the number of members to serve on the committee, and that would be no more than 12 members.

I ask honourable senators to support this motion.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, as Senator Frith has pointed out, when he spoke to me about this a few days ago I reacted with

a little apprehension and quoted the Special Committee of the Senate on Bill C-22 as an example of what could happen if this amendment were adopted. I realize that Bill C-22 will be passed anyway, but it might provide an opportunity for the Senate to set up a whole series of legislative committees, as they have in the other place, as an automatic reflex. A special committee might be set up to examine a particular bill. I do not think that that is the intention of Senator Frith in this instance, but it certainly opens the door for that sort of thing.

• (1650)

It seems to me that we have enough trouble manning the committees we have now. We have a lot of standing committees, we have a succession of special committees and, of course, we have our joint committees. I have some reservations about this. Senator Frith has explained the mechanics of this situation, but he has yet to explain the necessity of it.

We may be better served if this particular item is referred to the Standing Rules and Orders Committee for examination; at that time senators may deliver themselves of any opinions, pro or con, on this particular matter. Maybe, after the committee has made a recommendation, we will be in a better position to decide whether or not this is indeed a wise departure for the Senate to make.

Hon. Charles McElman: Honourable senators, I am pleased that Senator Doody has made this proposition, because, had he not suggested it, I would have. I support the proposition that it go to the Standing Rules and Orders Committee for consideration and report.

Senator Frith: Honourable senators, if we would do that today, I would support that recommendation.

The Hon. the Speaker pro tempore: Is this a motion, Senator Frith?

Senator Frith: If that is understood and I accept it as a motion, I understand that I am closing the debate. I will support the recommendation that this motion be referred to the Standing Rules and Orders Committee. So, if Senator Doody wants to so move, I will support it.

Senator Doody: I so move.

The Hon. the Speaker pro tempore: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Phillips, that the motion be referred to the Standing Senate Committee On Rules and Orders for consideration and report.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and motion of Senator Frith referred to the Standing Committee on Standing Rules and Orders.

ENERGY AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

He said: I do not intend to dwell on this other than to say that it is a standard motion required by the Senate for it to authorize the committee to engage the services of personnel for hearings.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY ROLE OF PETRO-CANADA

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the extent to which Petro-Canada has met its original purpose, and to evaluate this purpose with respect to Petro-Canada's evolving role in the Canadian energy scene; and

That the Committee present its final report no later than 31st March 1990.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO STUDY DOCUMENT ENTITLED "ENERGY AND CANADIANS INTO THE 21ST CENTURY: A REPORT ON THE ENERGY OPTIONS PROCESS"

Hon. Dan Hays, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Energy and Natural Resources be authorized to review the document entitled: "Energy and Canadians into the 21st Century: A Report on the Energy Options Process", tabled in the Senate on 16th August 1988 (Sessional Paper No. 332-1008) and in particular to examine the energy policy observations and recommendations contained therein; and

That the Committee present its final report no later than 30th June 1990.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[Senator Hays]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Sidney L. Buckwold, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Lorna Marsden, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

Hon. Finlay MacDonald: Senator Marsden, why would you move a motion like that when you have already been through the procedure with Internal Economy and got slashed up, as I did? Is the cart not before the horse here?

Senator Marsden: The budget proposal that I took to the Internal Economy Committee had as a codicil the necessity for the chamber to accept this, since our program of research has not yet been fully completed. It was a footnote on the budget that passed through Internal Economy.

Senator MacDonald: Which comes first?

An Hon. Senator: The chicken or the egg?

Senator MacDonald: I am serious.

Senator Doody: Don't pay any attention to him; he is sulking!

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

CHILDHOOD POVERTY

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE AUTHORIZED TO STUDY RELATIONSHIP TO SOCIAL PROBLEMS IN ADULT LIFE

Hon. Lorna Marsden, pursuant to notice of Tuesday, June 20, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report upon the relationship between childhood poverty and certain significant and costly social problems that manifest themselves in adult life and on measures that might better alleviate such problems; and

That the Committee present its report no later than December 31, 1989.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Charles McElman: Is it intended that this study be a continuation of the study that was instigated by the late Honourable Senator McGrand, entitled "Child at Risk"?

Senator Marsden: Thank you, senator, for the question. No, this motion allows the committee to complete work that was initiated through a motion in the Senate in 1987, which work

was suspended until the committee was re-formed. So, no, it does not follow up on the ideas of the study "Child at Risk", although there may be some overlapping with it.

● (1700)

This is a repetition of the motion put by Senator Robertson, who was in charge of this work of the Standing Senate Committee on Social Affairs, Science and Technology.

Senator McElman: Would it be the intention of the committee to revisit the excellent research that was done for that earlier study in conjunction with this?

Senator Marsden: Senator McElman, in the first part of the work to which this motion refers, we did, indeed, review that report. As I said, there may be some overlapping of the subject matters, but this will not be a replication of that earlier work.

Senator McElman: Thank you.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

THURSDAY, JUNE 22, 1989

SCRUTINY OF REGULATIONS

(Joint)

256-S8:30 a.m.

Review of Statutory Instruments

TRANSPORT AND COMMUNICATIONS

257-E.B8:30 a.m.

The examination of Bill C-2, An Act to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain Acts in consequence thereof

THURSDAY, JUNE 22, 1989 (Cont.)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S9:30 a.m.

NATIONAL FINANCE

256-S11:00 a.m.

The examination of Bill C-11, An Act to provide borrowing authority

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 23

OFFICIAL REPORT
(HANSARD)

Thursday, June 22, 1989



THE HONOURABLE GUY CHARBONNEAU
SPEAKER

This issue contains the latest listing of Officers of the Senate, the Ministry,
Senators and Members of Senate and Joint Committees.

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(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Thursday, June 22, 1989

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

[Translation]

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message has been received from the House of Commons with Bill C-24, to amend certain legislation respecting superannuation and other pensions.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44 (1)(f), bill placed on the Orders of the Day for second reading later this day.

[English]

RADIO ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, to amend the Radio Act and certain other acts in consequence thereof.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 22, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for

the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	\$35,750.00
Transportation and Communications	1,250.00
All Other Expenditures	3,000.00
TOTAL	\$40,000.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SEVENTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, June 22, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SEVENTEENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislation and other matters as may be referred to it, as authorized by the Senate on Wednesday, June 21, 1989. The said budget is as follows:

Professional and Other Services	\$35,875.00
Transportation and Communications	1,000.00
All Other Expenditures	1,500.00
TOTAL	\$38,375.00

Respectfully submitted,

ROMÉO LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

AGRICULTURE AND FORESTRY

FIRST REPORT OF COMMITTEE TABLED

Hon. Efstathios William Barootes: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Agriculture and Forestry respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

[Translation]

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Gérald Beaudoin: Honourable senators, on behalf of Senator Cogger, I have the honour to present the Third Report of the Standing Joint Committee for the Scrutiny of Regulations respecting section 4 of the *Seals Act*.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix p. 361)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Beaudoin, for Senator Cogger, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[English]

LEGAL AND CONSTITUTIONAL AFFAIRS

FIRST REPORT OF COMMITTEE TABLED

Hon. Nathan Nurgitz: Honourable senators, pursuant to rule 84, I have the honour to table the first report of the Standing Senate Committee on Legal and Constitutional Affairs respecting the expenses incurred by the committee during the Second Session of the Thirty-third Parliament.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

ADJOURNMENT

Hon. C. William Doody (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 45(1)(g), moved:

That when the Senate adjourns today, it do stand adjourned until Tuesday, 27th June, 1989, at two o'clock in the afternoon.

QUESTION PERIOD

PAROLE

DETENTION PROVISIONS OF ACT—REQUEST FOR UNDERTAKING

Hon. Earl A. Hastings: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate. I had hoped to pose it to the Leader of the Government in the Senate because he was anticipating it; nevertheless, I will put it on the record and hope to get a response as soon as possible.

My question pertains to the mutterings of the chairman of the National Parole Board, Mr. Fred Gibson, which mutterings lead me to believe that we are in for another round of symbolism or public relations efforts with respect to the conduct of the board.

He is reported as saying that the legislation we were called back to pass in July of 1986 is seriously flawed. Well, had he listened to the Senate in 1986 he would have known that that was precisely what the Senate was saying to the government—that is, that the legislation is flawed. We said that there was no way of actively predicting human behaviour. Nevertheless, they wanted their bill, they got their bill, and now they have come to the conclusion that there is no accurate way of predicting human behaviour, and they are going to institute a change in regulations and ask the government to make the decision. Then all categories of offenders will be deemed to be dangerous offenders.

Mr. Gibson said that had such an amendment existed two years ago it would have committed the authorities to keeping convicts like Melvin Stanton behind bars. That is utter garbage. They had all the authority in the world to keep him behind bars and they did not use it. Now Mr. Gibson is telling us that had he had that legislation he could have done it.

Bill C-67 provides a parliamentary review of that ingenious legislation in three years, that is, this year, 1989. I have reason to believe that they are going to do that by a change in regulations.

Can the Deputy Leader of the Government assure me and this chamber that no changes will be made within the detention provisions of the Parole Act while Parliament is not in session and until such time as that legislation is reviewed by parliamentary committee, as provided in the legislation?

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, first, I should apologize for the absence of the Leader of the Government. I think all of us would agree that it does not happen very often. He was called to an appointment he made earlier and I think he spoke briefly to the Leader of the Opposition in that regard.

With respect to the question, or rather the speech, presented by Senator Hastings, I congratulate him on his eloquence and,

without accepting any of the statements he made, I undertake to get as much information as I can.

Senator Hastings: I did not ask for information; I asked for an undertaking that no decision will be made with respect to the detention provisions of the Parole Act until Parliament has had a chance to review that legislation, as provided in the act.

Senator Doody: The honourable senator must surely know that I am in no position to make such a commitment, because, unfortunately, they have not seen fit to elevate me to a position from which I can provide the senator with the sort of advice and assistance he needs. I should, perhaps, give Senator Hastings some idea of the pecking order in this organization so that he will not be disappointed in future when he poses such questions.

I will repeat my assurance that I will find out for him whatever I can, and those people who are in authority and who can give him such an assurance, hopefully, will convey, through me to him, that assurance.

Hon. Senators: Hear, hear!

IMMIGRATION

REFUGEE DETERMINATION

Hon. Richard J. Stanbury: Honourable senators, I have a question I wish to put to the Leader of the Government in the Senate. I am sorry that he is not present, but I am sure it will be well received by the Deputy Leader of the Government.

On June 13 the *Toronto Star* reported that the Minister of Employment and Immigration, the Honourable Barbara McDougall, had intervened at the last possible minute to allow three refugee claimants, Chei-Ling Wong of China, Hussein Mohamoud of Ethiopia, and Nasrin Peiroo of Iran, to remain in Canada, despite the fact that the new refugee system established by the government had rejected all three of them.

What is most disturbing, honourable senators, is that one of them, a young lady 26 years of age, was so fearful of being sent back to China that she slashed her wrists in an attempt to commit suicide on the day that she was told she would be put on a flight to China that very evening. The young lady dreaded so much the potential pain and suffering she might have to endure at the hands of the Chinese authorities because of her father's opposition to the communist government of China that she was willing to take her own life instead. Honourable senators, if that young lady is not a refugee escaping persecution from a cruel regime, then I do not know who is.

The problem, honourable senators, is that, clearly, the government does not know what a refugee is, and this case raises several serious questions about the government's new immigration system.

Despite the fact that the former Minister of State for Immigration, the Honourable Gerry Weiner, stated before the Standing Senate Committee on Legal and Constitutional Affairs that the purpose of Bill C-55 was "to guarantee Canada's assistance, help, sanctuary and haven to the legitimate refugee in true need of it", and in spite of the Honour-

[Senator Doody.]

able Barbara McDougall's assurances that "we are bending over backwards to ensure no one who makes a refugee claim in Canada is ever removed to face death or torture", the message given by the case I refer to is that the refugee determination system is faulty and that, in order to attract the minister's attention, refugees will have to attempt suicide.

• (1410)

I should like to ask whether the Leader of the Government in the Senate is willing to undertake now that his government will reconsider the proposed amendments and the comments of the Standing Senate Committee on Legal and Constitutional Affairs contained in the committee's reports on Bills C-55 and C-84 of the Thirty-third Parliament, in which such tragedies were predicted and amendments were proposed to avoid them.

An Hon. Senator: Shame!

Senator Stanbury: I will go on to ask some supplementary questions. Although only these three cases have come to light, it is surely reasonable to suppose that there have been other cases of people being returned to countries, where they may have been persecuted or tortured, because they did not get a minister's permit to stay in Canada. Such mistakes are serious. Lives are involved. Can the Leader of the Government in the Senate tell us how many similar cases have occurred and whether the government has any monitoring system in place to determine what happens to people who are rejected by Canada as refugees?

Honourable senators, I have a further question. Is the government considering any changes in the system to ensure that such a tragedy does not happen again in the future?

Further, as the preliminary hearings failed in the three cases which I referred to, is the government willing to broaden the scope of appeals to the Federal Court to include the facts and merits of a particular case, rather than simply the narrow legal issues?

The need for the minister's intervention in these three cases proves that more safeguards are needed to prevent meritorious cases from being rejected. The government must amend the law to include clear safeguards. Will the Leader of the Government in the Senate undertake that his government will introduce such required amendments to the act?

Honourable senators, if new safeguards are not introduced, many people in the world may be justified in concluding that Canadian compassion under this Conservative government has taken a dive to an all-time low. It was to preserve Canada's character as a fair and tolerant nation that the Senate committee made its recommendations.

Honourable senators, I have asked those questions and would appreciate answers to them from the Leader of the Government in the Senate.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, we will certainly try to get whatever information is available for the honourable senator. Of course, certain allegations and statements in the rather lengthy speech the honourable senator has just made are not necessarily accepted. Nevertheless, we will certainly try to obtain

answers to the parts of the honourable senator's statement that requested information.

DEPARTMENT OF LABOUR ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-8, An Act to amend the Department of Labour Act.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, we support the principle and the objectives of this bill. I have just a few of questions and I am sure they could properly be dealt with in committee. I think it is appropriate that the bill go to committee soon.

The first question I ask the committee to look at concerns the mechanics of putting into effect the objectives and principles of the bill. Yesterday Senator Rossiter said:

This amendment is necessary to permit Labour Canada to continue to provide assistance to older workers who have become victims of major permanent lay-offs and who, after exhausting all opportunities for re-employment, as well as their unemployment insurance benefits, still have no prospects for re-employment.

I hope the committee will ask: What is a permanent lay-off? What will trigger the payments?

Senator Rossiter listed also the flaws that exist in the present LAB program. There are four of them, and they are:

First, the only industries designated nationally for assistance have been the very narrow group of textile, clothing, footwear and tanning industries. Second, the LAB program contains very poor work incentives, because, even before taking income tax into account, 60 per cent of every dollar earned by beneficiaries is lost through reduced benefits. Third, it discourages private sector involvement by fully deducting from LAB payments all payments offered by employers. Fourth, it offers no opportunities for the provinces to participate in helping older workers.

I commend to the committee that useful description of the weaknesses in the present program to ensure that the new legislation remedies them. The new program, as Senator Rossiter has pointed out, is called the Program for Older Worker Adjustment. LAB has been replaced by POWA.

POWA, Senator Rossiter pointed out, incorporates basic improvements to LAB:

...one, it is open to all sectors and regions; two, it is based on a full partnership with the provinces; three, it offers scope for employer involvement; and, four, it provides better work incentives.

Again, since we are dealing with the principle of the bill at second reading, we support those objectives and hope that the amendment meets them. We ask the committee to ensure that it does.

Honourable senators, Senator Rossiter may have said this yesterday, but, if not, I am sure she agrees that the bill should go to committee for study. I suggest that the appropriate committee is the Standing Senate Committee on Social Affairs, Science and Technology. I recommend to honourable senators that we support this bill at second reading and that, if Senator Rossiter moves that it go to the Social Affairs Committee for report before third reading, we support such a motion.

Honourable senators, there is one other point I wanted to make. At first I thought the bill might run into some difficulties with the Charter because of age discrimination. I must say that when I read the bill I was not reassured that it would have no difficulty. I intended to suggest to the Senate that we refer the Charter aspect of the question to the Standing Senate Committee on Legal and Constitutional Affairs. Nothing in the language of our rules would prevent the referral of a bill to two committees, each committee considering separate aspects of the legislation.

On this point, I would be interested in the views of Senator Beaudoin. I think he would agree that the bill raises some questions about age discrimination. My own feeling is that it would probably escape the Charter by reason of section 1 of the Charter.

• (1420)

The Hon. the Speaker: It is moved by the Honourable Senator Rossiter, seconded by the Honourable Senator Macquarrie, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: I would be satisfied if Senator Beaudoin would attend, as could I, the meeting of the Social Affairs, Science and Technology committee, and he and I could consult and could raise the Charter dimension itself in that committee, or we could ask that it go to the Legal and Constitutional Affairs Committee, if that seemed appropriate.

[Translation]

Hon. Gérard Beaudoin: Honourable senators, I would be very happy to sit on that committee. I am a member of the Standing Committee on Legal and Constitutional Affairs.

I would be very pleased if the Bill were referred to the latter. If not, I would be willing to attend sittings of the Standing Committee on Social Affairs, Science and Technology. I will then look into this matter.

Senator Frith: All right, Senator Beaudoin.
[English]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Rossiter, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

SECOND READING—DEBATE ADJOURNED

Leave having been given:

Hon. Nathan Nurgitz moved the second reading of Bill C-24, to amend certain legislation respecting superannuation and other pensions.

He said: Honourable senators, Bill C-24 covers a simple matter, but it seems to have done so in a complicated way, because it amends such a large number of federal pension statutes. I trust that after my few comments and what might be said on the other side this bill will be sent to the Standing Senate Committee on Social Affairs, Science and Technology, it being a pension matter.

The statutes that are amended by this particular bill are the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Diplomatic Service (Special) Superannuation Act, the Members of Parliament Retiring Allowances Act, the Royal Canadian Mounted Police Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, and, lastly, but equally as important, the Pension Act, which applies to disabled veterans.

The major thrust of the bill is that benefits payable under these acts to surviving spouses will no longer be suspended or, as in some cases, cease altogether on remarriage. As well, the bill will remove from some of these acts provisions that cause student allowances to cease if a student marries or that terminate children's allowances at different ages for males and females. The proposed changes would also end the actuarial reduction that is applied under some of the acts to allowances of surviving spouses who are 20 or more years younger than the contributor.

The remarriage provision affects some 2,200 surviving spouses of public servants, members of the armed forces and the RCMP, members of Parliament and non-career diplomats. Approximately 4,500 surviving spouses of veterans and former prisoners of war have lost their pensions over the years through remarriage. Smaller numbers are affected by the "20 years younger" provision and the provisions relating to student allowances.

The government has always intended that the issues arising from these particular provisions would be dealt with in the course of the significant pension reform initiatives which it has already undertaken and which it will continue to improve upon. As honourable senators are probably aware, the Federal Pension Benefits Standards Act, the Canada Pension Plan and the Judges Act have already been amended so that surviving spouses' benefits continue on remarriage. Similarly, the Canada Pension Plan amendments removed the requirement that student allowances terminate on marriage.

[The Hon. the Speaker.]

The government is anxious that Parliament proceed now with Bill C-24 so that benefits will no longer cease or be suspended in this way. Benefits that have been suspended can be reinstated as speedily as possible. We are not only talking about stopping the practice of suspending or ceasing payments. We are also ensuring that people will receive the benefits that were taken away from them, just as if this act had been passed many years before.

The President of the Treasury Board has indicated that the value of the benefits that would result from passage of this bill is approximately \$11 million annually for the public service pension plans. An additional cost of \$28 million will result if all remarried surviving spouses of veterans and former prisoners of war apply for reinstatement of their benefits. All of the benefits either suspended, terminated or reduced will be reinstated as of the date this bill is enacted.

In the case of veterans, an application will be required prior to reinstatement, and date of reinstatement will be governed by the normal provisions governing survivors' awards under the Pension Act.

A concerted and caring effort will be made by the pension administrations concerned to locate each and every person whose benefits have been either suspended, terminated or reduced by reason of the provisions I have just mentioned. In some cases surviving spouses will have received a lump sum of money as a final payment under the acts when they remarried. In these instances it stands to reason that the lump sum should be repaid. These people will then be receiving the back portions of monthly payments. There will be a set-off. In instances where the lump sum would have exceeded the amount owing to them in the catch-up of the monthly payments, arrangements will be made in a humane and sensitive fashion, through moderate monthly deductions, to repay the lump sum they have received.

Hon. Royce Frith (Deputy Leader of the Opposition): In other words, they will not have to write cheques to send it back; it will be deducted.

Senator Nurgitz: It will be owing, and they may write a cheque if they can.

Senator Frith: Otherwise they can use deductions?

Senator Nurgitz: Otherwise they can do it through a monthly deduction method.

As I stated earlier, the required changes to the pension statutes are relatively simple and can be made on a timely basis. The provisions that Parliament is being asked to repeal have been in the various acts since they were enacted, and in some cases were contained in their predecessors. Before the Public Service Superannuation Act came into force, for example, public servants' pension arrangements were provided under the Civil Service Superannuation Act, which was enacted in 1927, and it contained both the provision relating to remarried surviving spouses and the provision governing the reduction in allowance where the surviving spouse is 20 or more years younger than the contributor.

The restriction of payment of survivor pensions to those widows who did not marry reflected the financial dependence of a wife on her husband in those days and presumed that on remarriage the new husband would assume financial responsibility for her, rendering the payment of a widow's allowance unnecessary. Under the superannuation plans, the incidence of remarriage was one of the things the actuaries took into account when establishing the costs of the pension plans and the contributions required, and that led to the provisions' being retained even after survivor benefits also became payable to widowers.

Similar considerations about the financial dependence of children on their parents lay behind the restriction of children's and students' allowances to recipients who remained unmarried and account for the fact that under the Defence Services Pension Continuation Act and the Royal Canadian Mounted Police Pension Continuation Act, Part II, survivor benefits were payable to sons until age 18 and to daughters until age 21 or marriage, whichever came first. Finally, the actuarial reduction made to the allowance of a spouse who is 20 or more years younger than the contributor reflected the expectation that the allowance would probably be paid over a longer period of time. The government is well aware that there are other pension related issues which need to be addressed, and they will be addressed in the public service pension reform process. However, I am certain that there will be unanimous agreement that these proposed amendments to the federal pension plans can, and should, be made at this time.

● (1430)

Honourable senators, today in the other place all three parties agreed to give passage to this bill in all three stages. I urge upon all honourable senators the passage of this bill.

On motion of Senator Frith, debate adjourned.

[Translation]

RADIO ACT

BILL TO AMEND—SECOND READING

Hon. Solange Chaput-Rolland moved the second reading of Bill C-6, to amend the Radio Act and certain other Acts in consequence thereof.

[English]

She said: Honourable senators, this morning I was told, first, that I was not to present this bill; then, at eleven o'clock, I was told to present this bill; at twelve o'clock I was not to present it, and now I am presenting it.

Senator Frith: And a couple of minutes ago you probably wondered if the situation had changed again.

Senator Chaput-Rolland: That is it! If I say something that does not sound correct, I hope you understand. I ask for your indulgence; for medical reasons I do not feel up to presenting this bill.

I am pleased to introduce Bill C-6, because anyone who has been in the communication field for 35 years is extremely happy to present a bill on communications concerning radio

and television. At the same time, I am wary: freedom of the press is a fragile thing.

[Translation]

Still I am not concerned at all over Bill C-6 which I have the honour to attempt to introduce as best as I can, not even as a former journalist. This bill relates primarily to what I would call the hardware rather than the software. It is much more technical, much more mechanical and structural. It strikes at the very essence of radio broadcasting legislation which is always somewhat scary in a democratic system, afraid of it as we sometimes are, and rightfully so.

[English]

The Radio Act, now to be called the Radiocommunication Act, represents an important component in the legislative structure that supports the telecommunication industry in Canada. This legislative initiative is essential to maintain the wise use of the radio frequency spectrum for the benefit of all Canadians.

[Translation]

The word spectrum threw me for a loop, wondering as I was just what it meant in French, and particularly in English. I do not claim to be perfectly bilingual. I expressed my concerns to the officials and was told that spectrum — spectre in French — quite simply refers to the wide array of what we call radio, the wide array of the whole structure or the whole architecture our country will need so that our legislation on communications be state-of-the-art with respect to the structures and much more active than it has been in the past.

[English]

The radio frequency spectrum is the vehicle by which communication travels. Broadcast stations, satellites, cellular telephones, microwave relays, two-way radios—none of these radio devices and communication systems will work without a guarantee of interference-free access to the radio frequency spectrum.

[Translation]

How many times have we not been interrupted by something else while we were watching a program or trying to play a videocassette? And what about the times when we are out on the lawn, trying to use our cordless telephone, and all we hear is somebody else's phone? The purpose of this legislation is to regulate these things so there will be no more interference and that the onus will no longer be on the consumer but on the manufacturer.

I am not going to bore you for hours, trying to convince you that this legislation is a good thing, because as I see it, this measure does not in any way affect the quality, the substance, the reality or the identity of what is transmitted, but it does affect the whole framework of our communications.

Industrialized countries all have a spectrum management system that is state controlled. In Canada, the government is responsible for efficient management of the radio frequency spectrum. This is the specific responsibility, and I think it stands to reason, of the Department of Communications.

I repeat, I would not be speaking to you here today if the Department of Communications intervened in the substance and quality of broadcasts. However, the bill does not in any way affect that aspect. This morning, I heard there had been no objections and that everyone realizes Canada has to update its entire communications system.

In other words, honourable senators, all Canadians must have access to the radio frequency spectrum for their social, economic, industrial, cultural and technical well-being. The spectrum, in other words, the entire range of this whole system, must be managed in such a way as to ensure that the use of radio communications as I said before, interferes as little as possible with other users and the general public. Here I would like to add a personal note. We have more truly entered the age of communications. A plane flying over our homes could pick up the frequency of our computers so that what we were trying to keep private could very easily be made public. This legislation is therefore also intended to protect Canadian industry against such eventualities and to prevent interference by various types of communications, and it does so with a lot more clout than was possible in the past.

Broadcasters, air traffic controllers, the police, ambulances and couriers depend on the availability of radio frequencies to provide their services. It used to be that when people talked about radio communications, they automatically meant radio, television and videocassettes, but today, everything is communication.

Anyone who has a heart problem knows what a pacer is. Anyone who has been in an ambulance or been connected to a computer also knows that it is important to have high quality instruments. In this respect, the proposed legislation will ensure that the Canadian public will be able to draw maximum benefits from the work done by our engineers and our inventive minds.

There have been no important changes in the Radio Act for years, not since 1948, I am told, so that it is high time it was updated.

Radio communications technology has developed at lightning speed since 1905. We have come a long way. We are now in the satellite era. So it is high time Canada updated its infrastructure. That is why this legislation seems to meet with practically everyone's approval.

Some of the provisions of this Bill don't worry, I am not going to read all that urged Canadians to develop new applications for service and radio communications equipment. Canadians will also be protected from the distribution and sale of equipment that does not comply. In other words, a consumer will no longer need to put up with the damage caused by interference from a micro-wave oven, your garage door will not open when you have to open your oven door—that is what it means. It will be the manufacturer's responsibility.

This Bill is the first thorough revision of the Act since 1938. The Government is presenting this Bill to this House because of the evolution of technology and the pressure to manage the

spectrum efficiently—this wide range of structures and this great natural resource.

I would just like to conclude by repeating for you the following changes that are especially important for spectrum management:

Take into account non-technical factors, like the possible consequences of a radio tower in a community, before authorizing radio communications in Canada. I was once a member of a provincial legislature and I assure you that it caused serious problems when, without asking for permission, people set up large antennas instead of planting vegetables in their gardens. This caused serious problems for local communities. I think that it is extremely sensible to ask for permission before setting up such a tower;

Authorize the establishment, where necessary, of minimum technical standards for radio communications equipment, for non-radio equipment that can cause interference and for devices that are sensitive to radio waves, so that they do not interfere with each other's proper operation;

Enforce the regulations more strictly by providing higher fines and administrative recourse instead of going to court.

A cellular telephone company—and we know how essential this type of telephone has become today—must obtain confirmation of access to the required radio frequencies and their use before investing millions of dollars in building a sophisticated network.

Above all, consumers need to know that the products and services they use are safe, effective and able to operate properly under the conditions this Bill will establish.

Moreover, the growth in the use of radio frequencies in Canada over the last few years has exceeded all expectations; the cellular telephone is the finest example. Telephone service on planes is expected in the near future. We will soon see people flying their plane and talking on the phone just as they do when they drive their car. It seems very important, but I am not too sure that it will work. High definition television (HDTV), the satellite mobile communications system (MSAT) and the new generations of cellular telephones will not work effectively without the required radio frequencies.

This means that Canada will take its place in the modern world of communications, that it will play the role it needs effectively. This country is a vast territory that needs an extremely effective communications system to be in contact with and to understand itself.

● (1440)

[English]

This bill may seem unimportant to many, but that would be a grave misunderstanding. Because it is free of interference in its substance and in its essence, I hope honourable senators will adopt it.

On motion of Senator Frith, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FOURTEENTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Fourteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (senators' expenses) presented in the Senate on 21st June, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, Order No. 4 is a very simple statement of Senate policy. I think we could safely adopt that report at this point in the name of Senator LeBlanc.

Hon. Royce Frith (Deputy Leader of the Opposition): I would have thought so, too. Perhaps I should not say that, because it sounds as if I am being critical of Senator LeBlanc and I am not. However, he specifically asked me to stand Orders Nos. 4 and 5.

Senator Doody: Fine.

Order stands.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

THIRTY-FOURTH GENERAL CONFERENCE, CANBERRA, AUSTRALIA

Hon. Heath Macquarrie: Honourable senators, we are certainly rolling along today, in contrast to yesterday, if I may so. I am delighted to make a brief report on the Thirty-fourth General Conference of the Commonwealth Parliamentary Association, which the Liberal whip, Senator Petten, and I had the honour of attending. There are many people in the press, and occasionally, I am sorry to say, some people even in this chamber, who are a bit scornful of what they call travelogues, but I want to assure honourable senators that I have no slides and I will not be giving that kind of travelogue.

Senator Doody: Oh, no!

Senator Macquarrie: However, I shall try to make things as colourful and as pictorial as I can—

Senator Doody: That will be more than sufficient.

Senator Macquarrie: —but it will not be the same as the great travelogues.

It was the two hundredth anniversary, as they put it, of the Australian nation. I commented to our Australian hosts from time to time that we in Canada used to be regarded as the senior overseas dominion, but that the best we can do is sketch our beginnings to 1867. But, lo and behold, these people told us last year that they were 200 years old. How they accomplished it is very interesting. I suppose they accomplished it by going back to the first colonists from Europe and saying, "That is when the country began." Had we done that we would have gone back, perhaps, to 1603, when the settlers came over under that great creator of overseas societies, Samuel de Champlain.

Senator Hicks: What year did you say?

Senator Macquarrie: I said 1603.

Senator Hicks: Sixteen hundred and four!

Senator Doody: It was before your time!

Senator Macquarrie: I do not have time this afternoon to discuss the point, but I am inclined to lean to 1603.

Senator Hicks: Point taken.

Senator Doody: Refer it to committee!

Senator Macquarrie: Our deputy leader suggests that we refer it to committee, and perhaps Senator Hicks and I could be on it. Anyway, I am not going to go back as far as 1534 when that wonderful, outstanding traveller, Jacques Cartier came to Prince Edward Island and said, with great taste and prescience, "Tis the fairest land that anyone could see." He was our first tourist and our best one.

Senator Frith: What about Giovanni Caboto?

Senator Macquarrie: He did not come to P.E.I.

As the modern people on the board of trade would say, "Cartier didn't leave very much money in the province." But we were glad to have him as a very good tourist.

• (1450)

Anyway, we began by admitting that by their calculations they were probably older than we are by our calculations. I imagine that when the year 2001 comes the Australians will have a glorious celebration for the beginning of their Commonwealth, parallel with the great achievement of our nation builders in 1867, but, for anyone who likes to party as I do, I really did not complain.

In a more serious way—and sometimes I can bring myself to be serious.

Senator Nurgitz: Not often!

Senator Macquarrie: Not too often—I think we are both wrong and both insensitive in suggesting that the arrival of our European ancestors in Australia or in America was the beginning of our nations or the beginning of our civilization.

On the very first day of Australia's bicentennial there was a rather unhappy demonstration by the Aborigines of that country trying to point out the fact that their civilization, their contribution, their culture, was underplayed. I had no trouble detecting that feeling when I was down there in September and October when the celebration was under way. There is a very, very deep and painful feeling of misunderstanding, neglect and perhaps worse.

When I was in Australia, I think like any other Canadian who goes there, I was at the beginning impressed by how different our countries are. We go to the north and freeze; they go to the north to a most lush and tropical country. Their south is cold. In many, many ways we are different, but then, as one thinks that over a bit, we are very much alike. We have developed a British parliamentary system in a cultural environment entirely different from that which nourished the

parliamentary stock in Westminster. Things are very, very different, but we are very much alike in our experiences.

I thought, too, that we are both very prosperous countries. I never saw more glorious and magnificent banks than the ones I found in the city of Sydney. Prosperity is oozing out of the country, yet there are the problems of prosperity that we, too, are having trouble dealing with. We are so prosperous that we do not seem to know how to cope with our own poverty and with some of our own economic differentiations. We also have the same troubles with powers, powers which are centrifugal and centripetal, since we are both federal states.

Some of my colleagues went down to Australia a few years ago and came back as great enthusiasts for an elected upper house, which the Australian Senate is. I found that a great many of the members of the House of Representatives in Australia would confide to me that the biggest problem down there is that the upper house is far too powerful, and that when you have a powerful upper house you get that power through the diminution of the lower house, and if you ever want to compare an American senator with a mere American congressman I think you will get an understanding of what that means.

I am very mindful and appreciative of the splendid organization of our conference by the Australian people. They did not miss an opportunity to treat us as welcome guests, and it is always a great experience—and I think every member who goes on a Commonwealth meeting knows this—to greet and talk with people from such a variety of countries. I am quite thrilled by the many new countries from the southern Pacific that are joining our ranks, Tuvalu and Vanuatu, and all these wonderful people from what we might call micronations.

I have studied with interest the relationship of Australia with those states and compared that with the continuing good relationship we have with the Caribbean Commonwealth. There is more we could do, but I think that we are very, very good northern neighbours to them, and they appreciate that. I see the same thing developing in the Australian situation. We cannot be anything but impressed by the Australian attitude towards their place in the world. There was a time when they felt so remote and so staid that they were not affected by the problems of the Third World. Now we find them, I think, highly sensitive to their position as a developed nation in a most important part of the world, where the Third World neighbours mean a great deal to them and where the welfare of those people means a great deal to the world.

It would be presumptuous of me, after six weeks, to pose as an expert on Australia. I pose only as an enthusiast for that fascinating country. Their exuberance is not hard to detect. I did receive that famous expression "G'day", but no one, thank God, called me "mate", because I didn't get to know any of them that well. I was impressed by a certain lack of modesty. We were told that certain buildings or certain churches were the biggest in the Southern Hemisphere. I thought I had seen some fairly stately edifices in Buenos Aires and Rio de Janeiro, which are also in the Southern Hemisphere, but so what? If it was the biggest in Australia, why not make it the biggest in the world?

[Senator Macquarrie.]

They are a wonderful people, and I had a particular interest because their best governor was my ancestor, General Laughlin Macquarie, who built the great city of Sydney. I was able to walk Macquarie Street, spend a day at Macquarie University, which they say is the liveliest university in the whole Commonwealth, and I thought it was wonderful for an oldtimer like me to be there under such auspices.

Senator Frith: That covers two hemispheres.

Senator Macquarrie: At least! It was a pleasure to have a drink at Macquarie Inn. It was impressive to know that one of my kinfolk long ago made such an impact on such a great country. I never knew him to be much of a humorist, but he did say once that in Australia there are only two types of society—those who were transported and those who should have been transported. He had a preference for the transported people and that led him into great trouble. He very foolishly used their talents to build a great city, but he was accused of fraternizing with the ordinary folk.

What impressed me most about the Australian celebration—all the wonderful things they did, and their Expo activities were superb—was the centre of their bicentennial. What did they choose as the centre? Their new Parliament Buildings, a magnificent structure. It has already cost a billion dollars. Knowing something about what happens with public accounts, it will probably be a great deal higher than that when everything is in. Ours, which was built in 1859, cost less than \$2 million.

I was lost in their Parliament Buildings several times, but I can get lost in a telephone booth. I do not have a great sense of direction, except politically. My colleague from the Australian Parliament said, "Everyone grumbles about how much the building is costing." But he also said that, fortunately, once they have had a tour of the building, they say that it is money well spent. This is one of the few occasions on which the people of a country have decided that the gem of their existence is the heart of their legislative process and the identification with parliamentary democracy.

• (1500)

With all their exuberance—and sometimes when people are nasty they say that Australians think like Texans, but I would never go so far as that, because I think they are wonderful people—they put their parliamentary structure at the beginning. I wish them well. I think it is wonderful to see a country so prosperous, so impressive, so varied, so uniquely endowed by God and nature. All kinds of scholars and anthropologists have found Australia to be one of the most fascinating lands of the world.

A few weeks ago I was delighted to read that, for the first time in hundreds of years, parts of Australia have been blessed with rain and that there are now lakes that people thought could never exist, and birds are flying in from all over the Pacific. I am told there will be enough water for these water birds to be there for at least three years. Dormant eggs are hatching, the grasses are growing, and it almost encourages one to think that the age of miracles has not quite passed.

I would ask honourable senators if I might table the report of our committee. I was honoured to be with Senator Petten and with other colleagues who made up a very hardworking, conscientious group—as has been the case with most parliamentary groups I have been with. The record is impressive. The publication of the CPA, which I think is the best publication of all the parliamentary associations I have belonged to, recaptures very well the spirit of this great Commonwealth gathering. This book contains pictures of both Senator Petten and me. The one of me is larger, but he is younger and better looking so it gives us a certain equilibration.

Honourable senators, while I was there I had the opportunity to make a short speech. Sometimes I am not so happy about what I have said, but I remember that at the time I urged all my Commonwealth colleagues to welcome, not denigrate and not doubt, what was coming out of Moscow. I drew upon my old age and recalled the early days of the United Nations when we had the bitter cold war in the days of John Foster Dulles, and the last thing we should do is discourage the new breath of fresh air and democracy from the Soviet Union. I feel even better today than I did when I made that speech.

Thank you, honourable senators, for your attention. This will be my last travelogue for quite a while, because I know the whip will never send me any farther than Moncton or Moose Jaw from now on.

The Hon. the Speaker: If no other honourable senator wishes to participate, this inquiry is considered debated.

NATIONAL DEFENCE

DEADLINE FOR PRESENTATION OF SPECIAL COMMITTEE REPORT EXTENDED

Hon. Henry D. Hicks, pursuant to notice of Tuesday, June 20, 1989, moved:

That, notwithstanding the Order of the Senate adopted on Wednesday, 5th April, 1989, the Special Committee of the Senate on National Defence be empowered to present its final report no later than Tuesday, 31st October, 1989.

He said: Honourable senators, this motion has been necessitated because of the recesses we have had, and particularly because of the initiative which Secretary General Gorbachev has taken in relation to the Soviet Union, which has required our committee to rethink some of the positions we have taken.

We have now finished our hearings and we do not expect to hear from any more witnesses, but we do need a little more time to write the report and of course to have it translated and published. Although it may depend on when Parliament is recalled, we do hope to complete that in the fall, long before the end of October. However, I have asked for this motion to extend our deadline to October 31.

I will be appearing before the Standing Committee on Internal Economy, Budgets and Administration later this afternoon. The committee will be asking for an additional \$39,000, but we have about \$20,000 carried over from our previous budget so that the additional money we will be asking

for, for translation, publication and everything else, will probably be under \$20,000. I hope this motion will be passed.

Senator Doody: Is this the final, final date?

Senator Hicks: I certainly hope so.

Senator Doody: So say we all.

Senator Hicks: I should point out that my tenure of office in this place expires in March of 1990 and I want to be clear of this committee long before that.

Motion agreed to.

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—DEBATE ADJOURNED

Hon. M. Lorne Bonnell, pursuant to notice of Tuesday, June 20, 1989, moved:

That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only National Defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.

He said: Honourable senators, after giving two days' notice that I intended to bring this motion forward, I do so because I feel that this decision by the Government of Canada places a very heavy burden on the people of Prince Edward Island in general and on the people of Summerside and St. Eleanors in particular. Further, I do not believe that most Canadians realize what it means to a small province to lose 1,200 direct jobs and perhaps 3,000 indirect jobs. That would be equivalent to closing out General Motors in Ontario or taking 258,000 jobs away from Toronto or Montreal. I am quite sure that no government, Liberal, Conservative or NDP, if it had a heart, a conscience, or any feeling for people, would ever make a decision that would destroy that many jobs in a small community like Summerside or St. Eleanors, Prince Edward Island.

• (1510)

We consider that the Summerside air base alone brings in taxes to the local community of approximately \$11 million. It brings in salaries to servicemen of approximately \$50 million to \$60 million. It brings in sales of goods and services to the area of approximately \$100 million, generated by the businesses that survive because of the number of people in that area because of the base. It brings in rents to people who own houses in that area. The Summerside air base represents approximately 10 per cent of the economy of Prince Edward Island. To take 10 per cent of the economy in one fell swoop; to take away the second major industry next to the government itself from a small province such as Prince Edward Island is a blow that has a very serious impact on our total economy.

It seems to me that if representatives of the government would go down to Prince Edward Island and talk to the people

in that area they would realize what the base means to Prince Edward Island. I think if that had been done prior to the decision's being made, indeed, it would never have been made. By making this decision the government is taking away the only Canadian Forces base in the whole of the province of Prince Edward Island. When that base goes, Prince Edward Island will be the only province in Canada without a Canadian Forces base.

Honourable senators, I would be the first to admit that we are not in the middle of any great war; that there is no great need, perhaps, to train extra people to fly new planes, et cetera, at this particular time. However, we must always be in readiness. A nation that is not prepared and ready is a nation that is falling apart at the seams.

Honourable senators, already in the town of Summerside itself and in St. Eleanors the property values have dropped approximately 50 per cent. People who were intent on selling their houses now find that they cannot be sold, or, if they do sell them, they are selling to welfare families rather than to families who have regular incomes. The property taxes in St. Eleanors and in the town of Summerside have gone down because of the devaluation of property. Therefore, income to the town and to the villages in that area is being depleted. The property taxes used by the Government of Prince Edward Island for the educational system have also gone down because of the devaluation of properties in both Summerside and St. Eleanors.

Honourable senators, a great loss will also be felt in the tourist industry of that area, because people from other parts of Canada will no longer come to visit their relatives who were in the services at Summerside base or their families. Therefore, because of the closing of this base there will be a great loss to the tourist industry of western Prince County and, in particular, the Summerside and St. Eleanors area.

Moreover, until this announcement, the tourist operators in that area had been expanding their facilities because the tourist industry was growing in Prince Edward Island. Many of the motel operators have added new sections and new units to cope with that growth in tourism. Now, with the announcement of the closing of the base at Summerside, many of those operators, who have spent thousands and even millions of dollars to expand, will find that they now have on their hands empty facilities because there will be no tourists around to fill their units.

Honourable senators, many of the small business owners of the area will soon find that there will not be enough people around to make their businesses profitable. Some are scared to death of bankruptcy, whereas, prior to the announcement, they were thinking of hiring new employees and expanding. Now they are thinking of closing their doors, closing their shops, with the resultant loss of jobs. This, in the town of Summerside, which, until the announcement, was an expanding town.

Because that Canadian Forces base was situated at Summerside, many of the wives of the service personnel and many of the service personnel themselves were leaders in the commu-

nity. They were active in the Rotary, the Red Cross, the St. John Ambulance, the Kiwanis Club, the Lions Club and many other volunteer agencies. Now most of those organizations will be losing their leadership and their guidance because many of these service people and their families will move away.

Because of the closing of the Summerside base the Province of Prince Edward Island will be losing money in equalization payments, because the population will decrease. At the present time there are approximately 1,200 people with jobs that are dependent on that base. If you include their families in the number that are affected by this closing, the population loss will be somewhere in the area of 5,000 people. The current population of P.E.I., which is approximately 125,000, will be lowered by that amount and therefore our grant per population will go down.

Honourable senators, the whole economy of Prince Edward Island will be devastated if we lose this base. If the federal government needed to save some money by closing a base, I suggest that they could have closed one in Ontario, perhaps in Toronto. The people in Toronto are looking for land on which to build new housing. In Toronto their land is more valuable than their base and therefore they would not mind losing their base in order to gain some land for housing. On the other hand, we in Prince Edward Island have plenty of land for housing, but we need the extra income, employment and business that is generated from having a base in our province.

Honourable senators, many of our small businesses in Summerside and in the surrounding areas are worried to death that they will need to go into bankruptcy in the next year or two. Our priests and clergy in the area tell us that already they are finding that people in the area are losing their self-esteem. Many families are having breakups because some of their members have to move away. Because of the loss of financial support some families are experiencing friction within the family. Many of the children are upset because they are losing their grandparents or they are breaking away from the family ties that they have had in Summerside for the last several years. Apparently, the clergy in the area have gone so far as to write to the Prime Minister to try to explain to him how they can see the difference in their churches, in their counselling. The physicians in the area tell us that, since this announcement, there is a greater percentage of people who are depressed, discouraged and who have nothing to look forward to in that section of Prince Edward Island, whereas in the past they had great hopes for growth and development under the good Liberal government headed by Joe Ghiz.

Honourable senators, it is appalling to think that all of this was done by this government, without any consultation with the Premier of Prince Edward Island; that all of this was done without any consultation with the Government of Prince Edward Island; that all of this was done without any consultation with the opposition of Prince Edward Island; that all of this was done without any consultation with the members of Parliament of Prince Edward Island; that all of this was done without consulting the members of the House of Commons representing Prince Edward Island. I suspect that they did not

even consult the members of the Senate from Prince Edward Island. I know that they did not consult me.

Senator Frith: Say it isn't so, Orville!

Senator Bonnell: All of this was done without even consulting the town of Summerside or St. Eleanors. All of this was done without consulting the Canadian Forces base itself in Summerside. All of this was done without taking into consideration the social impact on the economy of Prince Edward Island or the social benefits to our people in that province. All of this was done in the dead of night, in a room here in Ottawa, by the Prime Minister and Mr. Wilson, neither of whom, apparently, has any feeling for those who live in Prince Edward Island.

Honourable senators, it was a sad day, the day the news came down. I will admit that on occasions in the past it has been said that the Summerside air base was not strategically necessary for the defence of the nation. In the past it has been said by other, Liberal, governments that they were contemplating closing the Summerside air base. However, once they were informed of the socioeconomic impact and were advised that the base was necessary to the economic development of Prince Edward Island, that the base was needed in order to keep our economy on a par with the rest of Canada, they rescinded their decision and made sure the base stayed there. In fact, they even expanded it.

Senator Corbin: Which government was that, senator?

Senator Bonnell: That was a good Liberal government. Since the war, every time that issue came before that government, they always made sure that the base stayed there. But they did not take into consideration, necessarily, only the military strategy. They took into consideration the social impact upon the people of Prince Edward Island.

• (1520)

Honourable senators, that is what this government has no feeling for—the people. This government has feeling only for dollar bills and it forgets people. It is people, we must remember, who make this country great.

I could talk at length about the tragic decisions of this government, the arrogance of this government, the apparent inability of this government to see what it is doing to a people, what it is doing to a community, what it is doing to families; but, apart from that, I believe there is a great need for this base. There is a great need for it in that it acts as a search and rescue centre for the Atlantic seaboard in Canada; there is a great need for it in terms of the protection of offshore fishing rights, the protection of our shores against smugglers bringing in drugs and illicit products, and the protection against illegal immigrants landing on our coastline. There is a great need for such a base in the province of Prince Edward Island—an island province surrounded by water—to get our people to more elaborate hospitals in cases of emergency. We do not

have CAT scans and all of that new emergency equipment. We must often fly our people to other hospitals, either in Moncton or Halifax, and this base was certainly a great asset in those terms.

There is a great need for this base because, of course, it provides training for the Canadian Forces. It really should be expanded to do more research and development along our coastline and to protect our 200 mile limit, because foreign fishing fleets are now coming within that zone and catching our fish. Newfoundland is closing its factories, Nova Scotia is closing its factories and Prince Edward Island is closing its factories because our fish are being taken by foreign fleets.

Honourable senators, this base should also be expanded to protect us from immigrants. We have found on the coast of Nova Scotia immigrants landing on the beaches at night. The same has been found off the shores of Newfoundland—immigrants coming from foreign lands by the boatload, coming into Canada without going through the regular channels. We have found that drug smugglers are coming to our shores in small boats, bringing in illicit drugs—opium, pot and hash—from the Caribbean, South and Pan American countries.

Senator Phillips: Where are they landing—Murray River?

Senator Bonnell: No, but they probably could. We have a nice little seaport there. You should come down and see it in your spare time. I am quite sure that you would realize the great need for the expansion of the Summerside base—and I am quite sure you do, it is just a matter of standing up and telling the rest of us how strongly you feel in favour of it.

Honourable senators, I could talk all day about the great need not only to maintain this base but to expand it. If the federal government wants to save money by closing bases, why not close the one, perhaps, in Toronto? Why not close one in Quebec? Considering the population of those two central provinces, they may not miss a base. But closing a base in the small province of Prince Edward Island, with a population of 125,000 people, means that you are hitting at the heart of the economy and at the heart of the people. It means that you are destroying a province—destroying the place where the Fathers of Confederation put this nation together.

We hope that when the Prime Minister meets with the other premiers in September at Prince Edward Island he will be able to tell us that he has reconsidered the decision, that he realizes how the economy of Prince Edward Island will be affected and that the Canadian Forces Base Summerside will not be closed but expanded.

I could go on to tell honourable senators about other things that have happened in Atlantic Canada and in Prince Edward Island to hurt the economy, but, since it is late, I will stick to the facts about the Canadian Forces Base Summerside. Another day I will tell honourable senators how we are losing money through the 25 per cent cutbacks in ACOA, or how we are losing money through rebates on gasoline, how we are paying extra taxes of 1 per cent this year and another per cent

next year, and all of the other ways in which the economy of Prince Edward Island has been affected. I will leave all of that for another day, and simply ask senators now to vote in favour of the motion I have put before them this afternoon that the

government reconsider the closing of the base at Summerside.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned until Tuesday, June 27, 1989, at 2 p.m.

APPENDIX "A"

(See p. 349)

SCRUTINY OF REGULATIONS

THIRD REPORT OF STANDING JOINT COMMITTEE

Thursday, June 22, 1989

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

THIRD REPORT
(Report No. 45)

Pursuant to its permanent reference, section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22, the Joint Committee draws the attention of both Houses to the *Formal Documents Regulations*, C.R.C. c. 1331, as amended.

The Regulations were made pursuant to section 4 of the *Seals Act*, R.S.C. 1985, c. S-6, which authorizes the Governor in Council to make orders and regulations relating to royal seals, the use thereof, royal instruments and documents under the sign-manual. The Act provides that all orders and regulations made under section 4 are "subject to the approval of Her Majesty the Queen". This approval was neither sought nor given in the case of the *Formal Documents Regulations*. It is settled law that where an enactment subjects the exercise of a regulation-making power by a public authority to the approval of another authority the failure to obtain that approval invalidates the resulting regulation. Accordingly, the Committee takes the position that the Regulations under report are null and void insofar as they were not approved by Her Majesty the Queen.

The *Seals Act* was enacted in 1939. In 1947, the Sovereign issued new Letters Patent constituting the Office of Governor General of Canada. Article II of the 1947 Letters Patent authorizes the Governor General in Council to exercise all powers and authorities lawfully belonging to the Sovereign in respect of Canada. It is the position of the Crown's legal advisers that by virtue of Article II of the Letters Patent, the Queen's authority to approve regulations made by the Governor in Council under the *Seals Act* is now vested in the Governor in Council.

Your Committee considers that the 1947 conferral on the Governor General in Council of all powers and authorities belonging to the Sovereign does not include the statutory power to approve regulations made under the *Seals Act*. If this were so, section 4 of the Act would have to be read as providing for the making of regulations "by the Governor in Council, subject to the approval of the Governor in Council". In effect, the 1947 Letters Patent would then be held to have rendered inoperative the statutory requirement that regulations be approved by Her Majesty. It is an established principle that an instrument of Prerogative, such as the Letters Patent, cannot alter the statute law. For this reason, your Committee takes the view that section 4 of the *Seals Act* was not affected by the subsequent issue of the 1947 Letters Patent and that any orders or regulations made pursuant to the Act must still be approved by the Sovereign.

Your Committee wishes to add that it has sought the advice of the Law Clerk and Parliamentary Counsel of the Senate in relation to the Regulations under report. It is also the conclusion of the Law Clerk that the *Formal Documents Regulations* are invalid.

In light of the position taken by your Committee, the Minister of Consumer and Corporate Affairs undertook, in October of 1987, to introduce a bill to amend section 4 of the *Seals Act* so as to delete the requirement that regulations made under the Act be approved by Her Majesty. It will be for Parliament to decide whether to amend the Act in this fashion. Your Committee trusts that appropriate legislation will be presented to the Houses as expeditiously as is reasonably practicable and recommends that, for greater certainty, this legislation validate the existing Regulations.

Respectfully submitted,

MICHEL COGGER

Joint Chairman

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Appendix “B”

Officers of the Senate

The Ministry

Senators

(Listed according to seniority, alphabetically and by provinces)

Committees of the Senate

THE SPEAKER

THE HONOURABLE GUY CHARBONNEAU

THE LEADER OF THE GOVERNMENT

THE HONOURABLE LOWELL MURRAY, P.C.

THE LEADER OF THE OPPOSITION

THE HONOURABLE ALLAN J. MACEachen, P.C.

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CLERK ASSISTANT OF THE SENATE

RICHARD G. GREENE

LAW CLERK AND PARLIAMENTARY COUNSEL

R. L. DU PLESSIS, Q.C., B.A., LL.L.

GENTLEMAN USHER OF THE BLACK ROD

RENÉ GUTKNECHT, C.M.M., O.St.J., C.D.

THE MINISTRY

According to Precedence

June 22, 1989

The Right Hon. Martin Brian Mulroney	Prime Minister
The Right Hon. Charles Joseph Clark	Secretary of State for External Affairs
The Hon. John Carnell Crosbie	Minister for International Trade
The Hon. Donald Frank Mazankowski	Deputy Prime Minister, President of the Queen's Privy Council for Canada and Minister of Agriculture
The Hon. Elmer MacIntosh MacKay	Minister of Public Works and Minister for the purposes of the Atlantic Canada Opportunities Agency Act
The Hon. Arthur Jacob Epp	Minister of Energy, Mines and Resources
The Hon. Robert R. de Cotret	President of the Treasury Board
The Hon. Henry Perrin Beatty	Minister of National Health and Welfare
The Hon. Michael Holcombe Wilson	Minister of Finance
The Hon. Harvie Andre	Minister of Regional Industrial Expansion and Minister of State for Science and Technology
The Hon. Otto John Jelinek	Minister of National Revenue
The Hon. Thomas Edward Siddon	Minister of Fisheries and Oceans
The Hon. Charles James Mayer	Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds)
The Hon. William Hunter McKnight	Minister of National Defence
The Hon. Benoît Bouchard	Minister of Transport
The Hon. Marcel Masse	Minister of Communications
The Hon. Barbara Jean McDougall	Minister of Employment and Immigration
The Hon. Gerald Stairs Merrithew	Minister of Veterans Affairs
The Hon. Monique Vézina	Minister of State (Employment and Immigration) and Minister of State (Seniors)
The Hon. Frank Oberle	Minister of State (Forestry)
The Hon. Lowell Murray	Leader of the Government in the Senate and Minister of State (Federal-Provincial Relations)
The Hon. Paul Wyatt Dick	Minister of Supply and Services
The Hon. Pierre H. Cadieux	Minister of Indian Affairs and Northern Development
The Hon. Jean J. Charest	Minister of State (Youth) and Minister of State (Fitness and Amateur Sport) and Deputy Leader of the Government in the House of Commons
The Hon. Thomas Hockin	Minister of State (Small Businesses and Tourism)
The Hon. Monique Landry	Minister for External Relations
The Hon. Bernard Valcourt	Minister of Consumer and Corporate Affairs
The Hon. Gerry Weiner	Secretary of State of Canada and Minister of State (Multiculturalism and Citizenship)
The Hon. Douglas Grinslade Lewis	Minister of Justice and Attorney General of Canada and Leader of the Government in the House of Commons
The Hon. Pierre Blais	Solicitor General of Canada and Minister of State (Agriculture)
The Hon. Lucien Bouchard	Minister of the Environment
The Hon. John Horton McDermid	Minister of State (Privatization and Regulatory Affairs)
The Hon. Shirley Martin	Minister of State (Transport)
The Hon. Mary Collins	Associate Minister of National Defence
The Hon. Alan Redway	Minister of State (Housing)
The Hon. William Charles Winegard	Minister of State (Science and Technology)
The Hon. Kim Campbell	Minister of State (Indian Affairs and Northern Development)
The Hon. Jean Corbeil	Minister of Labour
The Hon. Gilles Loiselle	Minister of State (Finance)

SENATORS OF CANADA

ACCORDING TO SENIORITY

June 22, 1989

Senator	Designation	Post Office Address
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David A. Croll	Toronto-Spadina	Toronto, Ont.
Hartland de Montarville Molson	Alma	Montreal, Que.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
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David James Walker, P.C.	Toronto	Toronto, Ont.
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Willie Adams	Northwest Territories	Rankin Inlet, N.W.T.
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Duff Roblin, P.C.	Red River	Winnipeg, Man.
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Philip Derek Lewis	St. John's	St. John's, Nfld.
Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
Margaret Jean Anderson	Northumberland-Miramichi	Newcastle, N.B.
Robert Muir	Cape Breton-The Sydneys	Sydney Mines, N.S.
L. Norbert Thériault	Baie du Vin	Baie Ste-Anne, N.B.
Dalia Wood	Montarville	Montreal, Que.

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v

Senator

Designation

Post Office Address

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Lowell Murray, P.C.	Grenville-Carleton	Ottawa, Ont.
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Guy Charbonneau (Speaker)	Kennebec	Montreal, Que.
Arthur Tremblay	The Laurentides	Quebec, Que.
C. William Doody	Harbour Main-Bell Island	St. John's, Nfld.
Heath Macquarrie	Hillsborough	Victoria, P.E.I.
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Anne C. Cools	Toronto Centre	Toronto, Ont.
Charlie Watt	Inkerman	Kuujuuaq, Qué.
Lorna Marsden	Toronto-Taddle Creek	Toronto, Ont.
Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Daniel Phillip Hays	Calgary	Calgary, Alta.
Joyce Fairbairn	Lethbridge	Lethbridge, Alta.
Colin Kenny	Rideau	Ottawa, Ont.
Pierre De Bané, P.C.	De la Vallière	Montreal, Que.
Allan Joseph MacEachen, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Roméo LeBlanc, P.C.	Beauséjour	Grand-Digue, N.B.
Eymard Georges Corbin	Grand-Sault	Grand-Sault, N.B.
Thomas Henri Lefebvre	De Lanaudière	Davidson, Que.
Charles Robert Turner	London	London, Ont.
Finlay MacDonald	Halifax	Halifax, N.S.
Brenda Mary Robertson	Riverview	Shediac, N.B.
Efstathios William Barootes	Regina-Qu'Appelle	Regina, Sask.
Richard J. Doyle	North York	Toronto, Ont.
Paul David	Bedford	Montreal, Que.
Jean-Maurice Simard	Edmundston	Edmundston, N.B.
Michel Cogger	Lauzon	West Brome, Que.
Norman K. Atkins	Markham	Markham, Ont.
Ethel Cochrane	Newfoundland	Port au Port, Nfld.
Eileen Rossiter	Prince Edward Island	Charlottetown, P.E.I.
Mira Spivak	Manitoba	Winnipeg, Man.
Jean Bazin	De la Durantaye	Montreal, Que.
Gerald R. Ottenheimer	Waterford-Trinity	St. John's, Nfld.
Roch Bolduc	Golfe	Ste. Foy, Que.
Solange Chaput-Rolland	Mille Isles	Montreal, Que.
Jean-Marie Poitras	De Salaberry	Quebec, Que.
Gérald-A. Beaudoin	Rigaud	Hull, Que.

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ALPHABETICAL LIST

June 22, 1989

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Adams, Willie	Northwest Territories	Rankin Inlet, N.W.T.
Anderson, Margaret Jean	Northumberland-Miramichi	Newcastle, N.B.
Argue, Hazen, P.C.	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Atkins, Norman K.	Markham	Markham, Ont.
Austin, Jack, P.C.	Vancouver South	Vancouver, B.C.
Balfour, Reginald James	Regina	Regina, Sask.
Barootes, Efsthathios William	Regina-Qu'Appelle	Regina, Sask.
Bazin, Jean	De la Durantaye	Montreal, Que.
Beaudoin, Gérard-A	Rigaud	Hull, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Bell, Ann Elizabeth	Nanaimo-Malaspina	Nanaimo, B.C.
Bielish, Martha P.	Lakeland	Warspite, Alta.
Bolduc, Roch	Golfe	Ste. Foy, Que.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Bosa, Peter	York-Caboto	Etobicoke, Ont.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Chaput-Rolland, Solange	Mille Isles	Montreal, Que.
Charbonneau, Guy (Speaker)	Kennebec	Montreal, Que.
Cochrane, Ethel	Newfoundland	Port au Port, Nfld.
Cogger, Michel	Lauzon	West Brome, Que.
Cools, Anne C.	Toronto Centre	Toronto, Ont.
Corbin, Eymard Georges	Grand-Sault	Grand-Sault, N.B.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Toronto, Ont.
David, Paul	Bedford	Montreal, Qué.
De Bané, Pierre, P.C.	De la Vallière	Montreal, Que.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Doody, C. William	Harbour Main-Bell Island	St. John's, Nfld.
Doyle, Richard J.	North York	Toronto, Ont.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fairbairn, Joyce	Lethbridge	Lethbridge, Alta.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Frith, Royce	County Lanark	Perth, Ont.
Gigantès, Philippe Deane	De Lorimier	Montreal, Qué.
Grafstein, Jerahmiel S.	Metro Toronto	Toronto, Ont.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Guay, Joseph-Philippe, P.C.	St. Boniface	St. Boniface, Man.
Haidasz, Stanley, P.C.	Toronto-Parkdale	Toronto, Ont.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hays, Daniel Phillip	Calgary	Calgary, Alta.
Hébert, Jacques	Wellington	Montreal, Que.
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Kelly, William McDonough	Port Severn	Mississauga, Ont.
Kenny, Colin	Rideau	Ottawa, Ont.
Kirby, Michael	South Shore	Halifax, N.S.
Kolber, Leo E.	Victoria	Westmount, Qué.
Lang, Daniel A.	South York	Toronto, Ont.

SENATORS—ALPHABETICAL LIST

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Senator

Designation

Post Office Address

THE HONOURABLE

Lawson, Edward M.	Vancouver	Vancouver, B.C.
Leblanc, Fernand-E.	Saurel	Montreal, Que.
LeBlanc, Roméo, P.C.	Beauséjour	Grand-Digue, N.B.
Lefebvre, Thomas Henri	De Lanaudière	Davidson, Que.
Lewis, Philip Derek	St. John's	St. John's, Nfld.
Lucier, Paul	Yukon	Whitehorse, Yukon.
MacDonald, Finlay	Halifax	Halifax, N.S.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
MacEachen, Allan Joseph, P.C.	Highlands-Canso	R. R. 1, Whycocomagh, N.S.
Macquarrie, Heath	Hillsborough	Victoria, P.E.I.
Marchand, Leonard Stephen, P.C.	Kamloops-Cariboo	Kamloops, B.C.
Marsden, Lorna	Toronto-Taddle Creek	Toronto, Ont.
Marshall, Jack	Humber-St. George's-St. Barbe	Corner Brook, Nfld.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
Molgat, Gildas L.	Ste. Rose	St. Vital, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Muir, Robert	Cape Breton-The Sydneys	Sydney Mines, N.S.
Murray, Lowell, P.C.	Grenville-Carleton	Ottawa, Ont.
Neiman, Joan	Peel	Caledon East, Ont.
Nurgitz, Nathan	Winnipeg North	Winnipeg, Man.
Olson, Horace Andrew, P.C.	Alberta South	Idesleigh, Alta.
Ottenheimer, Gerald R.	Waterford-Trinity	St. John's, Nfld.
Perrault, Raymond J., P.C.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Albertain, P.E.I.
Pitfield, Peter Michael, P.C.	Ottawa-Vanier	Ottawa, Ont.
Poitras, Jean-Marie	De Salaberry	Quebec, Que.
Riel, Maurice, P.C.	Shawinigan	Westmount, Que.
Rizzuto, Pietro	Repentigny	Laval sur le Lac, Que.
Robertson, Brenda Mary	Riverview	Shediac, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Saint Antoine, N.B.
Roblin, Duff, P.C.	Red River	Winnipeg, Man.
Rossiter, Eileen	Prince Edward Island	Charlottetown, P.E.I.
Sherwood, Cyril B.	Royal	Norton, N.B.
Simard, Jean-Maurice	Edmundston	Edmundston, N.B.
Sparrow, Herbert O.	Saskatchewan	North Battleford, Sask.
Spivak, Mira	Manitoba	Winnipeg, Man.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Steuart, David Gordon	Prince Albert-Duck Lake	Regina, Sask.
Stewart, John B.	Antigonish-Guysborough	Bayfield, N.S.
Stollery, Peter Alan	Bloor and Yonge	Toronto, Ont.
Thériault, L. Norbert	Baie du Vin	Baie Ste-Anne, N.B.
Thompson, Andrew	Dovercourt	Kendal, Ont.
Tremblay, Arthur	The Laurentides	Quebec, Que.
Turner, Charles Robert	London	London, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Watt, Charlie	Inkerman	Kuujuuaq, Qué.
Wood, Dalia	Montarville	Montreal, Que.

SENATORS OF CANADA

BY PROVINCE

June 22, 1989

ONTARIO—24

Senator

Designation

Post Office Address

THE HONOURABLE

1	David A. Croll.....	Toronto-Spadina.....	Toronto.
2	David James Walker, P.C.....	Toronto.....	Toronto.
3	Rhéal Bélisle.....	Sudbury.....	Sudbury.
4	Daniel Aiken Lang.....	South York.....	Toronto.
5	Douglas Keith Davey.....	York.....	Toronto.
6	Andrew Ernest Thompson.....	Dovercourt.....	Kendal.
7	Richard James Stanbury.....	York Centre.....	Toronto.
8	Joan Neiman.....	Peel.....	Caledon East.
9	Royce Frith.....	County Lanark.....	Perth.
10	Peter Bosa.....	York-Caboto.....	Etobicoke.
11	Stanley Haidasz, P.C.....	Toronto-Parkdale.....	Toronto.
12	Lowell Murray, P.C.....	Grenville-Carleton.....	Ottawa.
13	Peter Alan Stollery.....	Bloor and Yonge.....	Toronto.
14	Peter Michael Pitfield, P.C.....	Ottawa-Vanier.....	Ottawa.
15	William McDonough Kelly.....	Port Severn.....	Mississauga.
16	Jerahmiel S. Grafstein.....	Metro Toronto.....	Toronto.
17	Anne C. Cools.....	Toronto Centre.....	Toronto.
18	Lorna Marsden.....	Toronto-Taddle Creek.....	Toronto.
19	Colin Kenny.....	Rideau.....	Ottawa.
20	Charles Robert Turner.....	London.....	London.
21	Richard J. Doyle.....	North York.....	Toronto.
22	Norman K. Atkins.....	Markham.....	Markham.
23
24

SENATORS BY PROVINCE

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QUEBEC—24

Senator

Electoral Division

Post Office Address

THE HONOURABLE

1	Hartland de Montarville Molson.....	Alma	Montreal.
2	Jacques Flynn, P.C.	Rougemont.....	Quebec.
3	Azellus Denis, P.C.	La Salle.....	Montreal.
4	Martial Asselin, P.C.	Stadacona.....	La Malbaie.
5	Maurice Riel, P.C.	Shawinigan.....	Westmount.
6	Pietro Rizzuto	Repentigny.....	Laval sur le Lac.
7	Dalia Wood	Montarville.....	Montreal.
8	Fernand-E. Leblanc.....	Sauvel	Montreal.
9	Guy Charbonneau (Speaker).....	Kennebec.....	Montreal.
10	Arthur Tremblay.....	The Laurentides.....	Quebec.
11	Jacques Hébert.....	Wellington.....	Montreal.
12	Leo E. Kolber	Victoria.....	Westmount.
13	Philippe Deane Gigantès	De Lorimier	Montreal.
14	Charlie Watt	Inkerman	Kuujuaq.
15	Pierre De Bané, P.C.	De la Vallière.....	Montreal.
16	Thomas Henri Lefebvre	De Lanaudière.....	Davidson.
17	Paul David	Bedford	Montreal.
18	Michel Cogger.....	Lauzon.....	West Brome.
19	Jean Bazin	De la Durantaye	Montreal.
20	Roch Bolduc	Golfe	Ste. Foy.
21	Solange Chaput-Rolland.....	Mille Isles.....	Montreal.
22	Jean-Marie Poitras	De Salaberry.....	Quebec.
23	Gérald-A. Beaudoin.....	Rigaud	Hull.
24	.....	.....	.....

SENATORS BY PROVINCE—MARITIME DIVISION

NOVA SCOTIA—10

Senator	Designation	Post Office Address
THE HONOURABLE		
1 John Michael Macdonald.....	Cape Breton.....	North Sydney.
2 Henry D. Hicks.....	The Annapolis Valley.....	Halifax.
3 Bernard Alasdair Graham.....	The Highlands.....	Sydney.
4 Robert Muir.....	Cape Breton-The Sydneys.....	Sydney Mines.
5 John B. Stewart.....	Antigonish-Guysborough.....	Bayfield.
6 Michael Kirby.....	South Shore.....	Halifax.
7 Allan Joseph MacEachen, P.C.....	Highlands-Canso.....	R. R. 1, Whycocomagh.
8 Finlay MacDonald.....	Halifax.....	Halifax.
9 .....	.....	.....
10 .....	.....	.....

NEW BRUNSWICK—10

THE HONOURABLE		
1 Charles Robert McElman.....	Nashwaak Valley.....	Fredericton.
2 Louis-J. Robichaud, P.C.....	L'Acadie-Acadia.....	Saint Antoine.
3 Margaret Jean Anderson.....	Northumberland-Miramichi.....	Newcastle.
4 L. Norbert Thériault.....	Baie du Vin.....	Baie Ste-Anne.
5 Cyril B. Sherwood.....	Royal.....	Norton.
6 Roméo LeBlanc, P.C.....	Beauséjour.....	Grand-Digue.
7 Eymard Georges Corbin.....	Grand-Sault.....	Grand-Sault.
8 Brenda Mary Robertson.....	Riverview.....	Shediac.
9 Jean-Maurice Simard.....	Edmundston.....	Edmundston.
10 .....	.....	.....

PRINCE EDWARD ISLAND—4

THE HONOURABLE		
1 Orville Howard Phillips.....	Prince.....	Alberton.
2 Mark Lorne Bonnell.....	Murray River.....	Murray River.
3 Heath Macquarrie.....	Hillsborough.....	Victoria.
4 Eileen Rossiter.....	Prince Edward Island.....	Charlottetown.

SENATORS BY PROVINCE—WESTERN DIVISION

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MANITOBA—6

Senator	Designation	Post Office Address
THE HONOURABLE		
1 Douglas Donald Everett	Fort Rouge	Winnipeg.
2 Gildas L. Molgat	Ste. Rose	St. Vital.
3 Duff Roblin, P.C.	Red River	Winnipeg.
4 Joseph-Philippe Guay, P.C.	St. Boniface	St. Boniface.
5 Nathan Nurgitz	Winnipeg North	Winnipeg.
6 Mira Spivak	Manitoba	Winnipeg.

BRITISH COLUMBIA—6

THE HONOURABLE		
1 Ann Elizabeth Bell	Nanaimo-Malaspina	Nanaimo.
2 Edward M. Lawson	Vancouver	Vancouver.
3 George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4 Raymond J. Perrault, P.C.	North Shore-Burnaby	Vancouver.
5 Jack Austin, P.C.	Vancouver South	Vancouver.
6 Leonard Stephen Marchand, P.C.	Kamloops-Cariboo	Kamloops.

SASKATCHEWAN—6

THE HONOURABLE		
1 Hazen Robert Argue, P.C.	Regina	Kayville.
2 Herbert O. Sparrow	Saskatchewan	North Battleford.
3 Sidney L. Buckwold	Saskatoon	Saskatoon.
4 David Gordon Steuart	Prince Albert-Duck Lake	Regina.
5 Reginald James Balfour	Regina	Regina.
6 Efsthios William Barootes	Regina-Qu'Appelle	Regina.

ALBERTA—6

THE HONOURABLE		
1 Earl Adam Hastings	Palliser-Foothills	Calgary.
2 Horace Andrew Olson, P.C.	Alberta South	Idesleigh.
3 Martha P. Bielish	Lakeland	Warspite.
4 Daniel Phillip Hays	Calgary	Calgary.
5 Joyce Fairbairn	Lethbridge	Lethbridge.
6 .....	.....	.....

SENATORS BY PROVINCE

NEWFOUNDLAND—6

Senator	Designation	Post Office Address
THE HONOURABLE		
1 William John Petten	Bonavista	St. John's.
2 Philip Derek Lewis	St. John's	St. John's.
3 Jack Marshall	Humber-St. George's-St. Barbe	Corner Brook.
4 C. William Doody	Harbour Main-Bell Island	St. John's.
5 Ethel Cochrane	Newfoundland	Port au Port.
6 Gerald R. Ottenheimer	Waterford-Trinity	St. John's.

NORTHWEST TERRITORIES—1

THE HONOURABLE		
1 Willie Adams	Northwest Territories	Rankin Inlet.

YUKON TERRITORY—1

THE HONOURABLE		
1 Paul Lucier	Yukon	Whitehorse.

ALPHABETICAL LIST OF STANDING, SPECIAL AND JOINT COMMITTEES

(As of June 22, 1989)

**Ex Officio Member*

AGRICULTURE AND FORESTRY

**Chairman: Hon. Senator Barootes
and Hon. Senators**

Deputy Chairman: Hon. Senator Fairbairn

Argue,
Bielish,
Hays,
*MacEachen
(or Frith),
Marchand,

*Murray
(or Doody),
Olson,
Riel,
Rizzuto,
Rossiter,
Sherwood,
Spivak.

BANKING, TRADE AND COMMERCE

**Chairman: Hon. Senator Buckwold
and Hon. Senators**

Deputy Chairman: Hon. Senator Ottenheimer

Anderson,
Austin,
Cogger,
Davey,
Kirby

Kolber,
*MacEachen
(or Frith),
*Murray
(or Doody),

Perrault,
Poitras,
Roblin,
Simard.

COMMITTEE OF SELECTION

**Chairman: Hon. Senator Phillips
and Hon. Senators**

Corbin,
Denis,
Doody,
Frith,

Lewis,
Macdonald
(Cape Breton),

*MacEachen
(or Frith),
*Murray
(or Doody),

Nurgitz,
Petten.

ENERGY AND NATURAL RESOURCES

**Chairman: Hon. Senator Hays
and Hon. Senators**

Deputy Chairman: Hon. Senator Balfour

Adams,
Austin,
Hastings,
Kelly,
Kenny,

Lefebvre,
*MacEachen
(or Frith),
*Murray
(or Doody),

Olson,
Ottenheimer,
Poitras,
Roblin.

**Senator Lowell Murray, P.C., and Senator Allan J. MacEachen, P.C.—Ex Officio Members of all Standing Committees of the Senate*

FISHERIES

**Chairman: Hon. Senator Marshall
and Hon. Senators**

Adams,
Bielish,
Bonnell,
Cochrane,

Corbin,
Hicks,
*MacEachen
(or Frith),

Deputy Chairman: Hon. Senator Thériault

Molgat,
*Murray
(or Doody),
Petten,

Robertson,
Rossiter.

FOREIGN AFFAIRS

**Chairman: Hon. Senator Stewart (Antigonish-Guysborough)
and Hon. Senators**

Asselin,
Atkins,
Bolduc,
Bosa,
Fairbairn,

Frith,
Gigantès,
Grafstein,
LeBlanc
(Beauséjour),

Deputy Chairman: Hon. Senator Bazin

*MacEachen
(or Frith),
*Murray
(or Doody),

Roblin.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

**Chairman: Hon. Senator LeBlanc (Beauséjour)
and Hon. Senators**

Barootes,
Cochrane,
Corbin,
Doyle,
Guay,

Hastings,
Kenny,
Lefebvre,
*MacEachen
(or Frith),

Deputy Chairman: Hon. Senator Doody

Marchand,
McElman,
*Murray
(or Doody),
Nurgitz,

Phillips,
Rossiter,
Wood.

LEGAL AND CONSTITUTIONAL AFFAIRS

**Chairman: Hon. Senator Nurgitz
and Hon. Senators**

Beaudoin,
Buckwold,
Chaput-Rolland,
Doyle,
Fairbairn,
Flynn,

Hébert,
Lewis,
*MacEachen
(or Frith),
*Murray
(or Doody),

Deputy Chairman: Hon. Senator Stanbury

Neiman.

NATIONAL FINANCE

**Chairman: Hon. Senator Leblanc (Saurel)
and Hon. Senators**

Atkins,
Balfour,
Beaudoin,
Bosa,
Cools,
Kirby,

*MacEachen
(or Frith),
Marsden,
*Murray
(or Doody),
Simard,

Deputy Chairman: Hon. Senator Bolduc

Stewart
(Antigonish-Guysborough),
Stollery.

OFFICIAL LANGUAGES (Standing Joint Committee)

Joint Chairmen: Hon. Senator Wood and Mr. Desjardins, M.P.

Joint Vice Chairmen: Hon. Senator Ottenheimer and Mr. Van De Walle, M.P.

Representing the Senate:
Hon. Senators

Cools,
Davey,
David,
De Bané,
Guay,
Robichaud,

Tremblay.

Representing the House of Commons:

Allmand,
Bjornson,
Campbell,
Casey,
Chartrand,
Couture,
Feltham,

Gauthier,
Kilger,
Lopez,
Robinson,
Skelly,
Sobeski.

SCRUTINY OF REGULATIONS (Joint)

Joint Chairmen: Hon. Senator Cogger and Mr. Wappel, M.P.

Vice-Chairman: Mr. Domm, M.P.

Representing the Senate:
Hon. Senators

Beaudoin,
Bolduc,
Rizzuto.

Representing the House of Commons:

Berger,
Gaffney,
Gibeau,

Johnson,
Vien,
Whittaker.

SOCIAL AFFAIRS SCIENCE AND TECHNOLOGY

Chairman: Hon. Senator Marsden
and Hon. Senators

Deputy Chairman: Hon. Senator Robertson

Austin,
Bonnell,
David,
Doyle,
Gigantès,
Haidasz,

Hébert,
Kirby,
*MacEachen
(or Frith),
*Murray
(or Doody),

Spivak,
Tremblay.

SPECIAL COMMITTEE ON NATIONAL DEFENCE

Chairman: Hon. Senator Hicks
and Hon. Senators

Deputy Chairman: Hon. Senator Marshall

Balfour,
Bonnell,
Buckwold,
Doyle,

Lewis,
*MacEachen
(or Frith),
McElman,

Molgat,
Molson,
*Murray
(or Doody),

Roblin.

SPECIAL COMMITTEE ON TERRORISM AND PUBLIC SAFETY

Chairman: Hon. Senator Kelly
and Hon. Senators

Deputy Chairman: Hon. Senator Hays

Bosa,
Corbin,
Flynn,
Gigantès,

Kenny,
MacDonald
(Halifax),

*MacEachen
(or Frith),
*Murray
(or Doody),

TRANSPORT AND COMMUNICATIONS

Chairman: Hon. Senator MacDonald
(Halifax)

Deputy Chairman: Hon. Senator Davey

and Hon. Senators

Atkins,
Bonnell,
Chaput-Rolland,
Graham,
Leblanc
(Saurel),

*MacEachen
(or Frith),
Muir,
*Murray
(or Doody),

Spivak,
Stewart
(Antigonish-Guysborough),
Stollery,
Turner.

THE SENATE OF CANADA
PROGRESS OF LEGISLATION
 (2nd Session, 34th Parliament)
 Thursday, 22nd June, 1989

GOVERNMENT BILLS
(HOUSE OF COMMONS)

BILL C-2

An Act to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain Acts in consequence thereof

First and second readings and referral to Transport and Communications Committee, June 21, 1989.

BILL C-6

An Act to amend the Radio Act and certain other Acts in consequence thereof

First reading, June 22, 1989.

BILL C-7

An Act to amend the Criminal Code (pari-mutuel betting)

First reading, May 4, 1989. Second reading and referral to National Finance Committee, May 18. Report from Committee (without amendment), June 13. Third reading, June 20.

BILL C-8

An Act to amend the Department of Labour Act

First reading, June 21, 1989. Second reading and referral to Social Affairs, Science and Technology Committee, June 22.

BILL C-11

An Act to provide borrowing authority

First reading, June 20, 1989. Second reading and referral to National Finance Committee, June 21.

BILL C-14

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1990

First and second readings and referral to National Finance Committee, May 9, 1989. Report from Committee (with one amendment), adoption of Report and third reading, as amended, May 11. Message from Commons disagreeing with Senate amendment, May 15. Referral of Message to National Finance Committee, May 16. Report from

Committee (the Senate does not insist on its amendment) and Royal Assent, May 17. *Chapter 1, 1989.*

BILL C-24

An Act to amend certain legislation respecting superannuation and other pensions

First reading, June 22, 1989.

GOVERNMENT BILLS

(SENATE)

BILL S-2

An Act to implement conventions between Canada and the Grand Duchy of Luxembourg and Canada and the Polish People's Republic and an agreement between Canada and Papua New Guinea for the avoidance of double taxation with respect to income tax

First and second readings and referral to Foreign Affairs Committee, April 19, 1989. Report from Committee (without amendment) and third reading, May 2.

SENATORS' PUBLIC BILLS

BILL S-3

An Act to amend the War Veterans Allowance Act (Equality of Male and Female Persons) (Senator Marshall)

First reading, May 15, 1989. Bill ruled out of order and withdrawn, June 13.

BILL S-4

An Act to amend the War Veterans Allowance Act (Residence in Canada) (Senator Marshall)

First reading, May 15, 1989. Bill ruled out of order and withdrawn, June 13.

BILL S-6

An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act (Senator Haidasz, P.C.)

First reading, May 18, 1989.

SENATORS' PRIVATE BILLS

BILL S-5

An Act to authorize The Safeguard Life Assurance Company to be continued as a corporation under the laws of the Province of Quebec (Senator Cogger)

First reading, May 18, 1989. Second reading and referral to Legal and Constitutional Affairs Committee, June 20.

MEETINGS OF THE SENATE COMMITTEES

(Subject to change from day to day)

TUESDAY, JUNE 27, 1989

BANKING, TRADE AND COMMERCE

(In Camera)

256-S 9:30 a.m.

Future Business of the Committee

TRANSPORT AND COMMUNICATIONS

257-E.B 9:30 a.m.

*Bill C-2, An Act to establish the Canadian Transportation
Accident Investigation and Safety Board and to
amend certain Acts in consequence thereof*

NATIONAL DEFENCE (Special)

(In Camera)

520-Victoria Building 10:00 a.m.

Consideration of the draft report on Canada's Land Forces

FISHERIES

(In Camera)

356-S 11:00 a.m.

*Consideration of the draft Report on the Marketing of
Fish in Canada: The East Coast Fisheries*

FOREIGN AFFAIRS

(In Camera)

256-S When the Senate rises

Future business of the Committee

TUESDAY, JUNE 27, 1989 (Cont.)

LEGAL AND CONSTITUTIONAL AFFAIRS

356-S When the Senate rises

*Consideration of Bill S-5, An Act to authorize the Safe-
guard Life Insurance Company to be continued as a
corporation under the laws of the Province of Québec.*

WEDNESDAY, JUNE 28, 1989

NATIONAL DEFENCE (Special)

(In Camera)

257-EB 10:00 a.m.

Consideration of the draft report on Canada's Land Forces

OFFICIAL LANGUAGES (Joint)

371-WB 3:30 p.m.

Main Estimates 1989-1990

NATIONAL FINANCE

356-S 6:00 p.m.

*The examination of Bill C-11, An Act to provide borrow-
ing authority*

(Continued on next page)

MEETINGS OF THE SENATE COMMITTEES (Cont.)

THURSDAY, JUNE 29, 1989

THURSDAY, JUNE 29, 1989 (Cont.)

INTERNAL ECONOMY, BUDGETS AND
ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

NATIONAL DEFENCE
(Special)

(In Camera)

520-Victoria Building 10:00 a.m.

Consideration of the draft report on Canada's Land Forces

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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CANADA

Debates of the Senate

2nd SESSION • 34th PARLIAMENT • VOLUME 133 • NUMBER 24

OFFICIAL REPORT
(HANSARD)

Tuesday, June 27, 1989

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

A faint red circular stamp is visible on the right side of the page, partially overlapping the text area.

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates (English): **Hubert D. Griffith**, Room 154-N, Tel. 995-5756
Editor of Debates (French): **Flavien J. Belzile**, Room 148-N, Tel. 996-0854

THE SENATE

Tuesday, June 27, 1989

The Senate met at 2 p.m., the Speaker in the Chair.
Prayers.

HIS EXCELLENCY CHAIM HERZOG PRESIDENT OF ISRAEL

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF
COMMONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I ask that the address of the President of Israel, delivered today to both houses of Parliament, and the introductory speech given by the Right Honourable the Prime Minister of Canada, together with the speeches of the Speaker of the Senate and the Speaker of the House of Commons, be printed as an appendix to the *Debates of the Senate* of this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of speeches, see Appendix "A", p. 393)

[Translation]

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-3, an Act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act and to make consequential amendments to other Acts.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[English]

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-27, to amend the Non-smokers' Health Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44 (1)(f), bill placed on the Orders of the Day for second reading later this day.

[Translation]

JUDGES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-30, an Act to amend the Judges Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44(1)(f), bill placed on the Orders of the Day for second reading later this day.

[English]

CUSTOMS TARIFF

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Customs Tariff.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

On motion of Senator Doody, with leave of the Senate and notwithstanding rule 44 (1)(f), bill placed on the Orders of the Day for second reading later this day.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, June 27, 1989

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTEENTH REPORT

Your Committee recommends that:

a) The Senate enter into a contractual agreement with a supplier (other than OASIS) to provide on-site service;

b) These services be provided through ADAPTEK systems at a maximum annual amount of \$70,000;

c) Any additional costs incurred by Senators for support services and maintenance on equipment purchases through discretionary budgets be charged against a Senators' discretionary budget;

d) Phase II be implemented during summer recess when the Senate is not sitting.

Respectfully submitted,

ROMÉO LEBLANC
Chairman

He said: Honourable senators might wish to refer to the report adopted on September 15, 1988, and will see that this is a continuation of that program.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator LeBlanc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[Translation]

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON
SUPPLEMENTARY ESTIMATES (A)—PRESENTED AND PRINTED AS
APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, I have the honour to present the fifth report of the Standing Committee on National Finance concerning the Supplementary Estimates (A) for the fiscal year ending March 31, 1990.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of Proceedings* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see appendix "B", p. 402)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

(On motion of Senator Leblanc (Saurel), report placed on the Orders of the Day for consideration at the next sitting of the Senate.)

[English]

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD BILL

REPORT OF COMMITTEE

Hon. Finlay MacDonald, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, June 27, 1989

The Standing Senate Committee on Transport and Communications has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-2, An Act to establish the Canadian Transportation Accident Investigation and Safety Board and to amend certain Acts in consequence thereof, has, in obedience to the Order of Reference of Wednesday, June 21, 1989, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

FINLAY MACDONALD
Chairman

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[Translation]

MEECH LAKE CONSTITUTIONAL ACCORD AND CANADIAN CHARTER OF RIGHTS AND FREEDOMS

NOTICE OF INQUIRY

Hon. Gérard Beaudoin: Honourable senators, with leave of the Senate and notwithstanding Rule 44(2), I give notice that tomorrow, Wednesday, June 28, 1989, I will call the attention of the Senate to the Meech Lake Constitutional Accord and to the Canadian Charter of Rights and Freedoms.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

[English]

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE
SERVICES

Hon. Nathan Nurgitz: Honourable senators, I give notice that on Wednesday next, June 28, 1989, I will move:

That the Standing Senate Committee on Legal and Constitutional Affairs have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

QUESTION PERIOD

CHINA

POLITICAL SITUATION—EFFECT ON ECONOMIC AND
COMMERCIAL RELATIONS WITH CANADA—PROVISION OF
CREDIT FOR GRAIN SALES—SHIPMENT OF GRAIN

Hon. H.A. Olson: Honourable senators, last week and the week before I asked the Leader of the Government in the

Senate if there had been an interruption in the regular commercial business with China. At that time the Leader of the Government said that it was too early to make an assessment of the situation.

Due to the fact that we are approaching an adjournment of this part of the session, I should like to ask whether or not there has been an interruption in those regular commercial business relations. More specifically, has the Government of Canada continued to provide credit, through the Canadian Wheat Board, for grain sales to China, and are shiploads continuing to be loaded and shipped from our west coast?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I have asked for a report with regard to the latter part of that question. I shall endeavour to bring such a report in before we adjourn for the summer.

I am not aware that there has been any interruption in the provision of credits for grain sales, but I shall have to ask for confirmation of that.

WORLD BANK CREDIT LINE—GOVERNMENT PARTICIPATION AND POLICY

Hon. Jeremiah S. Grafstein: Honourable senators, I should like to ask a question on a related subject.

Last week it was announced in the United States that the World Bank had cut off a credit line to China of an amount close to \$1 billion. Could the Leader of the Government tell us whether Canada participated in that decision, and what the Canadian government's policy is on that issue?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, I shall ask for a report on that matter as well.

THE CONSTITUTION

MEECH LAKE ACCORD—SUGGESTED AMENDMENTS— GOVERNMENT POLICY

Hon. Richard J. Stanbury: Honourable senators, I should like to remind the Leader of the Government in the Senate that four western premiers are meeting to discuss various matters of mutual interest, one being the Meech Lake Accord. It is now approximately two years since the first ministers signed the accord. There are still two provinces that have failed to affirm the accord, and now British Columbia and Newfoundland are indicating that they may want to reconsider.

● (1410)

As you recall, the Liberal Party in the House of Commons and in this chamber proposed a number of amendments to the Meech Lake Accord. We believe those amendments would satisfy those who are having difficulty with the accord, but would still not be offensive to the people of the province of Quebec.

[Senator Olson.]

In view of the serious status of the accord at this point in time, the question is whether or not the government might consider looking again at those amendments and putting them into force.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friends opposite and their friends in the House of Commons proposed a series of amendments that would have gutted the Meech Lake Accord completely. I believe I dealt with that matter at the time.

Senator Perrault: You are going down with all guns blazing!

Senator Stanbury: Honourable senators, it is marvelous to use extreme language of that kind, but it does not move the proposition forward one whit. The fact is that unless something is done the accord will go down the drain. The question is: What does the government have in mind to save it? The Prime Minister continues to say that if it is not saved it will be a disaster for Canada. However, the Prime Minister himself is sending it down the drain by this kind of threatening attitude.

What we are looking for—and what I believe the government and the government leader should be looking for—is an opportunity to compromise and get something that is akin to the Meech Lake Accord while satisfying the difficulties that all of us recognize in that accord. That was what was recommended in the amendments that the Liberal Party put forward. Those amendments have been acclaimed broadly across Canada. It is only the stubbornness and extreme attitude of the Leader of the Government in the Senate that is preventing them from being utilized.

Senator Murray: Honourable senators, first, it is an old debate that is finished now, as far as Parliament is concerned. The amendments proposed by my friends opposite and their friends in the House of Commons left untouched practically no section of the Meech Lake Accord. I repeat: They would have had the effect of gutting the accord, plain and simple.

Second, I remind the honourable senator that the accord has been ratified by the Parliament of Canada and by eight provinces, representing 93 per cent of the population of Canada.

The honourable senator correctly states that two provinces have not yet ratified. Our efforts are in the direction of persuading those provinces to do so in the interest of national unity and in the interest of putting behind us the problems of 1981-82 so that the whole country can move forward together, with ten provinces at the table for constitutional reform.

The honourable senator says that our efforts should be directed somewhere else, to some other package. We have had amendments proposed by my friends opposite and we have heard suggestions from many quarters in this country as to what should be done to change the accord or to improve it, or what further constitutional reform should be embarked upon and so on. However, there is no package that I have seen, or that he or anyone else has seen, that enjoys the same measure of support within the federation as does the Meech Lake Accord.

While I am on my feet, I want to tell him, as a former national president of the Liberal Party of Canada, that he and his colleagues would be well advised—and they will have the opportunity to do so during the course of their leadership convention—to reinforce and to confirm the support for the Meech Lake Accord which the Right Honourable John Turner gave in the interest of national unity, to ensure that the errors of 1981-82 are put behind us and that the country can move forward, together and united.

Some Hon. Senators: Hear, hear!

Senator Stanbury: Honourable senators, I only wish to point out to the Leader of the Government in the Senate that the Right Honourable John Turner's support of the Meech Lake Accord was modified by the amendments which I am proposing.

An Hon. Senator: When? When was that?

Senator Stanbury: And I do not think he need worry about our choice of a leader. You may be sure that whoever the leader is will be perfectly competent to determine how he or she wishes to proceed on this matter.

I only suggest that, whether or not the deadline is firm, according to Gordon Robertson, if the government intends to go all the way down to the deadline talking in the way the Prime Minister has been talking, and my friend is talking now, in other words, in these extreme terms, then the day thereafter will be an extremely sad day, because no one thought of compromising, which is surely the Canadian way.

Senator Murray: Honourable senators, indeed it is, and a compromise that has the support of Parliament and eight provinces, representing 93 per cent of the population, I would have thought would commend itself to my honourable friend.

Also, Mr. Turner voted for the Meech Lake Accord as is, and so did the majority of his colleagues in the House of Commons, after their amendments had been defeated.

I am not at all concerned about the Liberal Party's choice of leader. I am, however, concerned about their choice of policy. In the course of this leadership campaign, and at their convention, the Liberal Party of Canada will have to decide whether or not they are with the "gang of '82," and with that peculiar concept of federation that the "gang of '82" advocated and lived by, or whether they are prepared to face the future and endorse the Meech Lake Accord, which is supported by their leader, so that the country can, as I say, move forward, together and united.

Some Hon. Senators: Hear, hear!

Senator Stanbury: Honourable senators, I should like to point out that it was not 93 per cent of the people of Canada who approved this accord; it was 11 people sitting in a room at midnight, or sometime thereafter, without any proper discussion and without any proper consideration.

Some Hon. Senators: Hear, hear!

Senator Stanbury: I should also like to point out that there have been Gallup polls recently that do not indicate that

anything like 93 per cent of the people of Canada are in favour of this accord. As a matter of fact, now less than half the population of Canada is in favour of this accord.

Senator Murray: Honourable senators, I cannot forebear to compare this process, which involves debating and voting in the legislatures of ten provinces as well as in the Parliament of Canada, with the 1982 exercise of which he is so proud, which was cooked up in a kitchen in the Chaateau Laurier and then voted upon in the House of Commons and in the Senate, but not in the legislatures of the provinces.

Some Hon. Senators: Hear, hear!

● (1420)

ECONOMIC DEVELOPMENT

ATLANTIC PROVINCES—NEGOTIATION OF ERDA SUBAGREEMENTS

Hon. M. Lorne Bonnell: Honourable senators, to change the subject and to get the Leader of the Government in the Senate off the hook—

Senator Hicks: Why would you want to do that?

Senator Bonnell: I like the fellow and I do not like to see him in the position of having no answers; so I will give him a question he can answer quite easily.

As you all know, quite a few of the Economic and Regional Development Agency agreements with the provinces have not been signed as yet by the federal government. In Atlantic Canada, in particular, these ERDA agreements contribute substantially to the development and growth of the area. Could the Leader of the Government in the Senate advise us if the ERDA agreements with the Atlantic provinces, and in particular with Prince Edward Island, will be signed soon, and, in particular, will the agreement on tourism be signed soon?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, my friend speaks of the ERDA agreements as if they were cast in stone, to be renewed automatically from time to time. That is not the case. They are signed for a fixed duration, after which they expire and are either renegotiated or replaced by subagreements in other areas of activity. All I can tell the honourable senator is that my colleague, the Honourable Elmer MacKay, the ERDA minister for Atlantic Canada, has now embarked on discussions with the provincial governments of that region concerning the various cooperative instruments between the federal government and the provinces in the area of economic development.

My information on the matter of tourism subagreements is not up to date. I simply remind the honourable senator, however, that those subagreements with the provinces funded a great many incentives to private industry. If I am not mistaken, the Action Program of the Atlantic Canada Opportunities Agency, which is 100 per cent federally funded, has taken up a good bit of that activity, thereby rendering the cooperative agreements with the provinces unnecessary in that respect. However, whether or not there will be subagreements with the

provinces to deal with some other areas of tourism is a matter that remains to be discussed between Mr. MacKay and those provinces.

Senator Bonnell: Honourable senators, I understand that ACOA has been cut back by 25 per cent and that the money to be spent is to be spread over a seven-year period rather than a five-year period. The ACOA programs are more between private industry and the government, to provide new development, new business and jobs in the area, and have little or nothing to do with ERDA, which is involved in such areas as tourism development, forestry development and other types of research development through shared agreements between governments. I ask the Leader of the Government in the Senate to bring this matter to the attention of the minister responsible—Mr. MacKay, if he is the minister—to determine whether the agreements will be negotiated soon. The Atlantic provinces need to know now for their planning. Summer is upon us and the tourist season is upon us. As honourable senators know, in many of our Atlantic provinces, when the winter months come we cannot do much; we have to sit back and wait for the spring and summer. If we do not know whether those agreements are going to be signed, that leaves the provincial governments out on a limb.

Would the Leader of the Government in the Senate bring this matter to the attention of Mr. MacKay and ask him to speed up negotiations and thus help the Atlantic provinces in some way? It seems to me that since the federal budget there has been nothing but cutbacks to the Atlantic provinces.

Honourable senators, as an aside, the only things I should like to see cast in stone are the remarks which, hopefully, Senator MacDonald from Halifax will be making at the committee meeting.

Senator Murray: I do not know how my friend can talk about cutbacks in regional development spending in the Atlantic provinces when the fact is that in 1987-88 the amount of money spent was something in excess of \$280 million. In 1988-89 the amount spent was \$420 million.

Senator Thériault: I wonder why.

Senator Murray: In 1989-90 the amount to be spent is \$500 million. In no year over the next three or four will the amount spent be less than \$400 million. The honourable senator cannot accurately speak of cutbacks in regional development spending because there have been no cutbacks.

With regard to tourism agreements, I repeat that the Action Program, which is a program of direct assistance from ACOA, the federal government, to the tourism industry, has taken up a good deal of the room that was formerly occupied by federal-provincial agreements. However, that does not preclude the possibility of an ERDA subagreement between a province and the federal government. This will be a matter for discussion between Mr. MacKay and Premier Ghiz in due course. My information is that the minister, my colleague, has now embarked on those discussions with the governments of all four Atlantic provinces.

[Senator Murray.]

Senator Bonnell: Honourable senators, it seems that something is wrong either with my mathematics or with the government's mathematics. My understanding is that the total amount of money in ACOA is a fixed sum to be spent over five years. That same fixed sum is now to be spent over seven years. If you take that figure and divide by seven, it will amount to a little less per year than if you divide it by five. That is the kind of mathematics I learned when I went to school, but the honourable senator seems to be able to divide by seven and arrive at a larger number.

It does not make much difference how many millions of dollars we have spent when we consider that some of those millions of dollars were given to some of the ten richest men in the world. That money did not go to poor little provinces like Prince Edward Island.

Can the Leader of the Government tell us when these provinces can expect these agreements to be signed so that they can continue with regional development in Atlantic Canada?

Senator Murray: Honourable senators, I do not have the statistics in front of me, but there are quite a few ERDA subagreements now in force in Prince Edward Island, as there are in the other three Atlantic provinces. I do not know exactly how many expired at the end of March 1989, but discussions will continue between Mr. MacKay and the provincial government as to whether it is consistent with our mutual priorities—Prince Edward Island's priorities and our priorities, because the federal government has economic development priorities too—to renegotiate those subagreements or to negotiate new agreements in other fields of activity. That is the subject matter of discussions between our two governments at this point.

I regret very much that the honourable senator disapproves of ACOA's programs of direct assistance to business. However, I suppose that is his view. He does not want ACOA to bring direct assistance to some of the large industries, which also happen to be large employers in the Atlantic region, and which applied for assistance to expand or to get into new product lines or whatever in order to create new jobs in that region. We take a different view of the matter. I think you will find that the approach we have taken has been quite successful. All you have to do is look at the unemployment rate in each of the Atlantic provinces and in the region as a whole when this government came to office in 1984, and the very considerable improvement in that rate and in the rate of job creation since that time.

● (1430)

I know that the honourable senator, who is a very fair-minded person, would want me to point that out.

Senator Bonnell: Well, honourable senators, let me say to the Leader of the Government in the Senate that not only have I asked questions about millions of dollars going to some of the ten richest men in the world but some of the cabinet ministers must have thought about that too, because they changed the policy. They now do not give out these millions of dollars.

According to the new ACOA agreement, they will, in the next few years, cut down the number of millions that they will give out to any one project. So the government itself must have thought it was making some mistakes by giving millions of dollars to these rich millionaires.

Senator Murray: On the contrary, honourable senators; the take-up rate from the private sector was phenomenal. It was not a matter of having made any mistake in the policy. The policy succeeded only too well. What we have decided to do in the event, instead of offering direct grants for projects with eligible costs of \$200,000 and up, is still to offer loan insurance and interest rate buy-downs, which are of very considerable assistance and are, I think, quite effective incentives to private industry to invest and create jobs in the Atlantic region.

Senator Bonnell: But did you not change the policy? Did you not stop giving \$2 million and \$3 million to these multimillionaire companies?

Senator Murray: I have just explained the change that was made in the policy and why it was made.

Senator Bonnell: You changed it because you made a mistake.

MARITIME PROVINCES—RENEWAL OF ERDA SUBAGREEMENTS ON TOURISM—NEW BRUNSWICK UNEMPLOYMENT RATE

Hon. L. Norbert Thériault: Honourable senators, it is hard to sit here and take the hogwash from the Leader of the Government in the Senate about ACOA and regional development, if you come from New Brunswick. For the first time since Confederation, to my knowledge, the Government of New Brunswick has been funding the federal government. They have put money up front while awaiting signatures on agreements which have not come about. This is a first in the history of Canada and hardly speaks well for the present government after an election, as far as the maritimes are concerned.

However, I should like to ask the minister this question: Is he denying the fact that there was an announcement by the office of the minister responsible for the maritime provinces, Mr. MacKay, to the effect that there would be no more ERDA agreements on tourism? Are you denying that fact?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Yes, honourable senators.

Senator Thériault: Well, I wish somebody would advise the Governments of New Brunswick, Nova Scotia and P.E.I., because they are operating under the assumption that there will be no renewal.

Senator Murray: They must be listening to the honourable senator.

Senator Frith: And they would be well advised to do so!

Senator Thériault: No, they must be listening to you people, Senator Murray; but the fact of the matter is that on ACOA, on ERDA agreements, on VIA, on the new sales tax, and on

all the important matters that are confronting this country today the government takes the attitude that they will say nothing until the House of Commons and Parliament shuts down—and people know it; don't kid yourselves!

Some Hon. Senators: Hear, hear!

Senator Murray: Let me say something before the Senate shuts down. It is not true that New Brunswick, as the honourable senator puts it, is funding the federal government. I do not know what his authority for that statement is. Mr. MacKay has been discussing with the Premier of New Brunswick various cooperative agreements between the federal government and the Government of New Brunswick. One of the scenarios being discussed is the possibility, in some cases, of the provincial government's taking responsibility for a bigger share of the agreement in the earlier years rather than in the later years. But that is only being discussed. No agreement has been made to that effect whatsoever.

So there is no question at all of the Government of New Brunswick's having funded, as the honourable senator has put it—

Senator Simard: What about the Rodney terminal!

Senator Murray: I am coming to that. We have in mind the same example—an example which my honourable friend has conveniently forgotten. Perhaps I will remind him of the Rodney terminal in Saint John, an area in the Port of Saint John which I think most of us would agree is exclusively within federal jurisdiction, a terminal that was badly needed by the forest products industry of New Brunswick and which the federal government of the day, for whatever reason, found quite impossible—quite impossible—to agree to fund.

The late Mr. Jamieson, the minister of the day, could not get agreement among his colleagues and could not work that through the bureaucracy and so forth, and finally came to the province of New Brunswick and said, "We know how important this project is to the economy of New Brunswick. We realize it is our responsibility to carry it out and to help, and we would like to do so, but I just cannot get it through. Would you mind building it?"

So the Government of New Brunswick built it and funded it and paid the entire expenses for many, many years. I am not sure whether the federal government ever paid the Government of New Brunswick back. It was under considerable pressure to do so for a number of years, and perhaps finally it was shamed into reimbursing—

Senator Perrault: We don't need high drama!

Senator Murray: —the provincial government for that investment.

So, if it were to happen that the Province of New Brunswick funded, as my honourable friend puts it, the federal government, it would certainly not be the first time.

Senator Thériault: That is quite a different matter. I remember that occasion very well. Not only was Senator Simard around in those days but so was I. The Government of New Brunswick made a decision then. On this occasion the

Government of New Brunswick made an offer to the federal government to fund—at least, that is what I am told—the renewal of an earlier program on forestry and fisheries until the Government of Canada made up its mind whether there would be a renewal of the agreement or not. Is that not the fact?

Senator Murray: I do not know—

Senator Thériault: You do not know because you do not care. But that is the fact. Since May 1 the Government of New Brunswick has been funding what it hopes will be the federal government's share of the program. That is the situation.

One listens to the Leader of the Government in the Senate when he talks about the unemployment rate in New Brunswick. Honourable senators, it is true that from 1978-79, with a Tory government in New Brunswick, and during a worldwide recession, there was an increase in unemployment rates not only in New Brunswick and throughout the maritime provinces but all over the western world. This government came in at the tail end of that recession, at the commencement of a boom all over the western world, and today, after six years of that economic boom, we find the unemployment rate in New Brunswick to be twice what it was when I was a member of the government in the 1970s. It was then at 6 per cent; it is now at 12 per cent.

Is the Leader of the Government in the Senate blaming the government of the day for the recession of the late 1970s and early 1980s?

Senator Simard: Partly, yes!

Senator Thériault: When is the government going to stop looking back and start looking to the future? I ask that as it applies to the economic development of the maritime provinces, as well as Meech Lake. Never mind the past; look to the future!

Some Hon. Senators: Hear, hear!

THE ENVIRONMENT

DEVELOPMENT OF NATURAL RESOURCES—IMPOSITION OF FEDERAL STANDARDS—FEDERAL-PROVINCIAL CONSULTATIONS

Hon. H.A. Olson: Honourable senators, I should like to ask the Minister of State for Federal-Provincial Relations whether he is aware of the western premiers' meeting which started yesterday and which continues today in Camrose. I am concerned about the federal government's encroaching upon old or bringing in new laws respecting environmental concerns in the development of natural resources.

● (1440)

The minister will know that the Premier of Saskatchewan is extremely concerned about the federal government's imposing its environmental concerns on a couple of dam building projects that have been shut down, and the Alberta government is also extremely concerned about the federal government's environmental controls with respect to resource de-

[Senator Thériault.]

velopment in Alberta, such as the number of forestry product plants that are now under consideration.

I wonder if the minister could tell us whether or not there have been consultations between the two levels of government in order to try to bring this to a resolution so that we will not have these extremely expensive shutdowns that are now taking place.

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): The short answer to that question is, yes, honourable senators. Of course there have been consultations, and consultations will continue. I remind the honourable senator that federal legislation passed within the past year or two, and approved by this Parliament, does provide for national standards in this field so that we can achieve, or try to achieve, what are called equivalency agreements with the provincial governments.

We recognize that it is going to be difficult in many cases to achieve agreements between the federal government and the provinces in a way that will enable economic development to go ahead, but will also ensure that economic development will be consistent with the highest environmental values. That is our intention and our responsibility, and we believe that the people of Canada expect the national government, in the national interest, to conduct itself in that way. We have no doubt about our constitutional authority to do so.

Senator Olson: The question was whether or not there were meaningful consultations before these laws were brought in, because, apparently, some of the premiers are extremely concerned that the federal government is setting up standards for provincial governments respecting the development of their natural resources that—while it may be within the constitutional framework, if you want to put it that way—are clearly within their provincial jurisdiction.

Have there been consultations, or did the federal government just go ahead and set up these standards, because the premiers seem to be extremely concerned about it now?

Senator Murray: Honourable senators, there have been consultations between the federal government and the provinces from the time the legislation was introduced; there have been consultations on its application and on its implementation. Further, there are not infrequent meetings of federal and provincial environmental ministers; so I do not think that provinces can accurately state that there have been insufficient consultations with them. They may not agree with the final resolutions of some of these matters that have been taken by the Government of Canada, but there has been more than adequate consultation between the two levels of government.

Senator Olson: So the conclusion is that the federal government went ahead with whatever it wanted to do in spite of the representations made to it by the provinces concerning these matters.

Senator Murray: Honourable senators, I do not know how or why the honourable senator would come to that conclusion.

Senator Olson: That is what they are saying.

Senator Murray: If he wants to discuss a particular case, let him put some particular questions on it and we will do our best to answer those questions in detail.

DELAYED ANSWERS TO ORAL QUESTIONS ATLANTIC CANADA OPPORTUNITIES AGENCY

AMOUNTS APPROVED AND SPENT FOR FINANCIAL YEAR 1988-89

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on May 18, 1989, by the Honourable L. Norbert Thériault respecting the Atlantic Canada Opportunities Agency—Amounts Approved and Spent for Financial Year 1988-89.

(The answer follows:)

	Amount Approved (millions \$)	Amount Spent (millions \$)
ACTION PROGRAM		
TOTAL GRANTS	17	7
Contributions		
— Newfoundland	128	23
— Prince Edward Island	37	18
— Nova Scotia	178	54
— New Brunswick	181	44
TOTAL CONTRIBUTIONS	524	139
COOPERATION PROGRAM		
Contributions		
— Newfoundland	5.4	13.0
— Prince Edward Island	0.6	5.0
— Nova Scotia	12.0	9.0
— New Brunswick	9.0	10.0
TOTAL COOPERATION	27.0	37.0
GRAND TOTAL	568.0	183.0

Grants: unconditional transfer payments which are not subject to being accounted for or audited but for which eligibility and entitlement may be verified.

Contributions: conditional transfer payments for a specified purpose which are subject to being accounted for and audited pursuant to a contribution agreement.

The payout of the amount approved will occur over a number of financial years. This amount represents new business entered into by ACOA.

The amount spent includes amounts paid out on ACOA new business and inherited programs and agreements transferred from DRIE at the inception of our Agency in 1987.

These figures do not include "loan insurance" issued to eligible lenders, payments in respect to the "Small Business Loans Act" for the Atlantic area, "Loans to assist

industry in the Cape Breton area", and the Cape Breton Topping-up Assistance Program.

These represent our final internal year-end figures.

INDIAN AFFAIRS

SETTLEMENT OF LAND CLAIMS—REQUEST FOR NEGOTIATIONS

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on June 13, 1989, by the Honourable Jack Austin respecting Indian Affairs—Settlement of Land Claims—Request for Negotiations.

(The answer follows:)

In 1973, the government of Canada agreed to start accepting comprehensive claims for negotiation. The Nisgas were the first claimants to have their claim accepted for negotiation. The negotiations with the Nisgas are continuing on a bilateral basis between the government of Canada and the Nisgas recognize that no final agreement will be possible without the involvement of the provincial government.

The comments by the Minister of State (Indian Affairs and Northern Development), the Honourable Kim Campbell, recognize the view of the federal government that negotiation involving all parties in the area of claims is preferable to protracted and confrontational legal action.

TRADE

IMBALANCE BETWEEN CANADA AND U.S.S.R.—GOVERNMENT ACTION

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question raised in the Senate on June 21, 1989, by the Honourable Hazen Argue respecting Trade—Imbalance between Canada and U.S.S.R.—Government Action.

(The answer follows:)

In collaboration with the U.S.S.R. and Eastern Europe Trade Development Division of External Affairs, the Task Force Secretariat has explored ways and means of expanding bilateral trade contacts in an attempt to increase overall Soviet exports.

As part of the Canadian effort to familiarize the Soviet Union to potential export opportunities in Canada, in March 1987, the Task Force organized a mission of twenty-five Canadian businessmen to the U.S.S.R. under the leadership of the Honourable Charles Mayer, Minister of State for Grains and Oilseeds. Members of this mission established contacts with a number of Soviet exporting organizations and since that time are working on projects of mutual interest.

A Conference Series about Canada-U.S.S.R. Trade was held in Montreal, Toronto and Calgary in March 1988. The Conference Series was centered around the visit to Canada of Mr. Yuri Chumakov Soviet Deputy

Minister of the Ministry of Foreign Economic Relations of the U.S.S.R. and senior representative of the Soviet Chamber of Commerce, from foreign trade organizations and a senior official from the U.S.S.R. Bank of Foreign Trade.

The success of the seminars was reflected in the increased interest and inquiries received by the U.S.S.R. Trade Representatives of the Task Force and External Affairs.

Canadian companies are also helping the Soviets to export more to Canada. They are following up on inquiries directed to them by their contacts in the Soviet Union, and by commercial representatives at the U.S.S.R. Trade Mission in Canada.

The last two years have witnessed remarkable transformation in the attitude of Canadian exporters and importers regarding business in the U.S.S.R. Some of the change relates to the public attention focused on the Soviet Union. Equally, the potential of the Soviet market is highly attractive.

In spite of the complexities and challenges involved in developing this market, our bilateral trade with the U.S.S.R. is on the increase. In 1987, Canadian exports to the U.S.S.R. were roughly \$800 million. In 1989, this figure rose to \$1.4 billion. Soviet exports rose from \$35.5 million in 1987 to \$156 million in 1988. We are encouraged by this trend as we recognize the need to increase Soviet exports to Canada to ensure a stable trading relationship.

THE LATE HONOURABLE HOWARD GREEN

TRIBUTE

Hon. Heath Macquarrie: Honourable senators, before we reach Orders of the Day, I should like to say a word about the passing of a great Canadian, a man whom I admired and for whom I had a great deal of affection. In the passing of the Honourable Howard Green Canada lost one of its distinguished statesmen. He ran in every election from 1935 to 1965, had a great military record, was a splendid barrister, an outstanding Minister of Public Works and, in my opinion, a great success as Secretary of State for External Affairs. This was a man who vigorously championed disarmament, who brought new vision into Canada's contact with the international scene, and who was a devoted United Nations man and a splendid internationalist. In his passing we have lost a great public man, and we extend our sympathy to his surviving sons.

Hon. Senators: Hear, hear!

[Translation]

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL

SECOND READING

On the Order:

[Senator Doody.]

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-24, An Act to amend certain legislation respecting superannuation and other pensions.—(Honourable Senator Frith).

Hon. Eymard G. Corbin: Honourable senators, Bill C-24, passed last June 22 by the House of Commons, has to do with superannuation. The main purpose of the bill is to rescind age- and marital status-related restrictions on survivors' benefits in a number of public service superannuation acts, in the Members of Parliament Retiring Allowances Act and in the pension legislation concerning handicapped veterans.

[English]

Bill C-24 would amend the superannuation plan for federal public servants, members of the RCMP and the armed forces, members of Parliament and certain non-career diplomats. Bill C-24 would also amend certain provisions of the Pension Act that apply to disabled veterans.

The Statute Law Superannuation Amendment Bill contains four changes. The first change proposes to remove the provisions that suspend or terminate a surviving spouse's allowance when that surviving spouse remarries. The second change would remove in four public service plans the provisions that reduce the amount of a surviving spouse's pension when a survivor is 20 or more years younger than the plan member.

The third change removes the disentitlement of a student who is the child of a deceased plan member to an allowance when that child marries as of 18 years of age. Finally, the fourth change of limited application would remove the provision under the RCMP Pension Continuation Act and the Defence Services Pension Continuation Act whereby a son's entitlement ceases at age 18, whereas an unmarried daughter retains benefits until age 21. Bill C-24 will provide that the children's benefits continue until age 21, regardless of marital status.

[Translation]

Bill C-24 also provides that spouses, who had elected under prevailing plans to receive a lump sum to compensate for having their benefits suspended when they remarried, will now have to reimburse those payments to the pension plan account. This is to avoid double payment. Minister de Cotret said in the House of Commons that everything would be done to ensure that the reimbursement process is handled with sensitivity and compassion.

According to the government, these amendments will affect about 2,700 people and cost \$11 million annually in additional benefit payments.

I think we should recall that these amendments have been expected since 1985, when the report *Equality for All* was published. This report recommended that federal superannuation legislation be amended to remove the discriminatory provisions that offended Section 15 of the Charter, on the basis of marital status, gender or age.

The government responded to the report's recommendations in 1986, with a study of the discriminatory provisions in

federal superannuation legislation. Subsequently, the government introduced Bill C-33 which died on the order paper of the House of Commons two years later in 1988, when the general election was held. I may remind you that this Bill did nothing to remove the glaring inequities based on marital status, gender and age.

Today, it seems the government is being forced to act as a result of an application by the Federal Superannuates National Association to the Federal Court of Canada for a declaration that the termination of pension benefits based on marital status is unconstitutional. The amendments we are considering today should provide for a much fairer system, and they seem to meet the basic requirements of Section 15 of the Charter.

However, this reform has failed to meet all or at least a variety of expectations.

One of the bill's most glaring shortcomings is the absence of a retroactivity provision for benefit payments.

A clause of this kind would have compensated individuals for the income foregone under the legislation since the proclamation of Section 15 of the Charter on April 15, 1985.

The absence of such a provision in this Bill would appear to be manifestly unfair. The bill fails to provide any redress for damages suffered by beneficiaries since 1985 and it does not offer them any compensation.

Bill C-24 also fails to address a host of other issues that concern federally-regulated pensions. It does nothing to adjust benefit payments to the surviving spouse, nor does it do anything to improve the situation of surviving common law spouses.

Honourable senators, the last few hours I have been advised of other possibilities for discrimination under the present plan.

● (1450)

[English]

It has been brought to my attention that the wife of a superannuate could obtain, upon divorce, an order under the Divorce Act giving her the right to receive her ex-husband's superannuation payments, or a portion thereof. However, if the superannuate subsequently dies, the ex-wife is cut off from all payments. Since she is no longer legally a wife, she is not eligible for survivor's benefits under the act. Benefits under a separation agreement, on the other hand, would probably continue because she would have been, at the time of his death, a legal spouse.

Upon divorce, if the former wife is awarded certain benefits under the Divorce Act, the presiding judge would take into account the spouse's needs when dividing assets. Rights to superannuation payments could represent a very substantial part of the wife's settlement. Should the superannuate die and the superannuation payment be terminated, the wife could find herself in serious difficulties.

Honourable senators, I hope that the committee to which this bill will be referred will examine this specific point, will attempt to extract information, and, short of an amendment,

will obtain a commitment to re-establish equity and parallelism in the law of the land as it affects the pension legislation.

[Translation]

Finally, honourable senators, the amount of reforms completed to date can at any rate be appraised positively because it puts an end to crying inequities.

However, as I indicated, there remains other matters to be settled. It is my hope the Government will not delay in moving towards progressive and fair reforms.

Thank you, honorable senators.

[English]

Hon. Nathan Nurgitz: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Nurgitz: Honourable senators, I thank Senator Corbin for raising those several matters. I do not now propose to deal with them. Perhaps they and other questions that honourable senators may have could be raised with the departmental people when this bill goes to the Standing Senate Committee on Social Affairs, Science and Technology, to which I propose to refer it after second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

RADIO ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Simard, for the second reading of the Bill C-6, An Act to amend the Radio Act and certain other Acts in consequence thereof.—(*Honourable Senator Frith*).

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, let me begin by saying that we support second reading of this bill. We support its principle, but I do want to say something about what I think should happen to it between now and its adoption.

● (1500)

When I was actively practising law I did a fair amount of work first in the field of radio communication and then in television broadcasting. Life, in terms of radio frequencies, was a little simpler in those days than it is now. It would be an oversimplification for me to say that there was nothing to the Radio Act in those days except the allocation of frequencies by the CBC—licences for private broadcasters were granted by

the CBC. Then the Board of Broadcast Governors was set up as a successor and was separated from the broadcasting entity in the sense that the CBC was a broadcaster and a regulator. All regulation was given to the BBG.

At that time, if you were applying for a licence before the Board of Broadcast Governors, you had to satisfy the Department of Transport that the frequency you were applying for did not conflict or interfere with other stations that had already been given their permission to broadcast. You dealt with A-contours and B-contours, and you always had an engineer looking after what is now the subject matter of this bill.

Even then life was complicated enough for those of us who were acting for owners, or, indeed, the owners themselves, who would never pretend to understand all the complications and technical aspects of radio communications.

There are some wonderful stories told. For example, the question of power was often thought to be not important. I remember when Jack Kent Cooke had CKEY in Toronto and it then was the number one station. As I recall, he had 5,000 watts. Jack Kent Cooke was often asked, "Why don't you increase it?" He was at 580, which was an excellent frequency. In AM broadcasting, the lower you are on the dial the better. It is true that 5,000 watts at 580 is probably the equivalent of 20,000 or 25,000 watts at, say, 1,200.

The story goes that Jack Kent Cooke, although a most successful broadcaster, used to say, "What's a watt? Nobody knows whether they are listening to 5,000 watts or how many watts. What's the difference? They hear it or they don't hear." Meanwhile, Mr. Ryan, who had 580 in Ottawa, did not take such a cavalier approach to the importance of power and gradually moved 580 up to 50,000 watts. When Jack Kent Cooke wanted to sell CKEY to Westinghouse, and Westinghouse also thought a watt was worth something, he found that he could not increase it. Eventually, CKEY moved to 590 and had to spend quite a bit of money to do so. That is the sort of thing that went on in those days.

There is another important dimension that I think this bill might help, and that is the sharing of broadcasting frequencies in North America. In my opinion, and in the opinion of many of my associates and colleagues in those days, when it came to the allocation of continental frequencies, especially clear channels, we did not always get the best North American allocations when we dealt with the United States and Mexico. A clear channel is a frequency that is omnidirectional and covers a very large area. There is a channel 740 in Toronto, which belongs to the CBC. In those days the nearest 740 was, I think, in Texas. There was a time when the CBC decided to acquire all clear channels. At the present time, as far as I know, there are no clear channels in the hands of private broadcasters.

That is some background to this important bill, which was well explained by Senator Chaput-Rolland. I congratulate her for her presentation. I reread it yesterday and found it interesting, amusing, clear and helpful to us who have to deal with this legislation.

[Senator Frith.]

As Senator Chaput-Rolland pointed out, the original Radio Act was passed in 1938. Since then things have changed a good deal. The period I have been talking about, when I was more concerned with these things, would be the 1960s, and there had been changes from 1938 to the 1960s. Since then the use of radio frequencies has increased tremendously. I believe it is safe to say that up to the last ten or fifteen years most people thought of radio frequencies as broadcasting frequencies with some additional use of ham radio frequencies. That is not to say that that is all there was to it, but I think most people felt that that is what was involved in radio frequencies. Of course, television produces a sound, and that sound is an FM frequency. So that became something else that we were aware of. It seemed like a relatively simple field.

It is no longer a simple field, as Senator Chaput-Rolland pointed out in her intervention last week. The uses of radio have not only increased, but people's awareness of the broad uses of radio frequencies has expanded.

The Radio Act passed in 1938 was the subject matter of a most important constitutional law case that went to the Privy Council. The last important revision to the Radio Act was in 1948, 40 years ago. Senator Chaput-Rolland has pointed out some of the additional uses of radio and the need to protect consumers and others against interference and substandard products. The crossover between the uses is quite confusing. I heard a rather indelicate and, I am sure, apocryphal story of a man who had a successful operation for a pacemaker. According to the story, the only problem he had was that his neighbour's garage door opened whenever he and his wife made love—a bizarre exaggeration of how the uses of radio frequencies can interfere in unanticipated ways.

Senator Nurgitz: How often did the door open?

Senator Frith: That is why I insisted the story was probably apocryphal; names and addresses are withheld to protect the innocent.

Honourable senators, I believe that we should support this bill and its principle. We know that it passed very quickly—I believe in about an hour—with all parties' support in the other place. There was a time when some of us thought that that was a reason for the Senate to spend less time on the bill. The argument was that, if it passed quickly in the other place with all parties' support, it must be good legislation. That argument has lost its effectiveness over the years.

Senator Roblin: When you were over here you didn't mind it.

Senator Frith: I understand the point that Senator Roblin makes. I can go along with him to the extent of saying that I minded it less. I mind it a lot more now.

● (1510)

Speaking of signals, it has come to the point where, the minute I see that some legislation has passed the other place quickly with all-party support, not only is it no longer a reason automatically to let it pass quickly but it has sometimes become a reason not to do so. In other words, it has come to

me to be an alarm that the Senate should look at it more carefully.

Senator Doody: I must remember that for future reference.

Senator Frith: If you are thinking what I am thinking, I hope it comes soon that you will be worried in the opposite way.

I should add a sequel to an intervention that I made on an earlier occasion. That intervention was made when our newly minted chairman of the Standing Senate Committee on Transport and Communications, to which committee this bill would be sent, had established a list of witnesses and other things in advance about another piece of legislation. I criticized him for doing so and in the course of it mentioned that the practice of prestudy had been established by Senator Hayden and that we had come to find good reasons for allowing legislation to proceed in proper consecutive, rather than concurrent, form.

Senator Finlay MacDonald sent me a note stating that he was delighted to be compared to Salter Hayden, and saying, "prestudy may be dead, but preplanning lives."

Senator MacEachen: Preplanning?

Senator Frith: Preplanning. We now have a "prestudy" wolf in the sheep's clothing of "preplanning."

Again, Senator MacDonald sent out a memo some time ago. Yet here we are only now debating second reading. The memo went out on June 20, 1989, and was sent to the members of the committee. The first sentence states:

This bill should give the committee little trouble.

Perhaps it will give the committee little trouble. But, honourable senators, the supportable objective of this bill is clearly to bring up to date, modernize and streamline the government's role in radio communications.

The objective is one that we can all support, but I believe Senator Chaput-Rolland agrees, and certainly a reading of her intervention implies that she agrees, that the changes are quite wideranging. For example, they represent quite important, although perhaps necessary, changes in the authority that is given to the Governor in Council, the minister, and to inspectors.

For example, a brand new enforcement device is ticketing. That is contained in clause 12 of the bill, which introduces a ticketing procedure for certain offences, designed to achieve more effective regulation by allowing an alternative to full prosecution for dealing with violation of the act or regulations.

I was impressed by what Senator Chaput-Rolland said in closing, and I agree with her. She said:

This bill may seem unimportant to many, but that would be a grave misunderstanding. Because it is free of interference in its substance and in its essence, I hope honourable senators will adopt it.

It is an important bill, and it affects many people who do not, I suspect, know how they will be affected by it.

Honourable senators, to put it in simple terms, we should ensure: first, that it achieves all the objectives that we unanimously support and that are at the root of the principle of this

bill; and, second, that it does not go further than it needs to in order to achieve that objective.

Therefore, we should send this bill to our ever-hungry-for-work Committee on Transport and Communications for study. If it is satisfied that it meets those two tests that I have described—namely, that it successfully, technically and effectively fulfils the objectives; and, second, while preventing radio interference, does not interfere more than is necessary with peoples' rights—then, after proper study by that committee, and in due course we should give it third reading and let it take effect.

Hon. Eymard G. Corbin: Honourable senators, I have a question for Senator Frith. If I understood his comments correctly, this legislation would apply to such items as, for example, portable telephones, which use the spectrum. Furthermore, if I understand him, this legislation will enable the enforcer—the federal agent as the case may be—to police the use of these portable telephones. There are millions of them in circulation currently and millions more in stock in the Radio Shacks of this world.

It is my understanding—especially in light of your last comments—that this legislation will give the power required to have these agents monitor all of the interference caused by these millions of telephones not only in North America but also right across the globe. How that would be done is beyond my comprehension. For example, would the legislation simply abolish these portable telephones, or would an army of bureaucrats be established to monitor their use? How in the world can this legislation deal with a problem like that?

I happen to have two portable telephones. They ring in the middle of the night when I do not want them to ring—when, in fact, no one calls me—and, when I want to use them, I get drowned out by static.

Senator Frith: It is like the garage door.

Senator Corbin: Will this legislation help that problem?

Senator MacDonald: Yes.

Senator Corbin: It will? Senator MacDonald says, "Yes."

What about the policing aspect of it? How in the world will you deal with a problem of that magnitude?

Senator Frith: I am satisfied that the objective of the legislation is to deal with exactly that kind of problem mostly by regulation.

Some of the problems that exist now, such as the ones that you have described, are part of the reason for this legislation. That is, there are in the present legislation too many limitations on the power of the minister and the Governor in Council to deal with some of these problems. That is the stated objective of this bill, and that is why I think it should go to committee. Senator Corbin's question is only one example of an area in which the government hopes to restore more order and claims to need the powers in this legislation in order to do so. I imagine that most of the enforcement eventually will be based on regulations. Powers are given to make regulations in this legislation, and that is one of the things I hope the

committee will ask about. Does the power to make regulations go further than it needs to? Secondly, should there be more limitation on the areas in which regulations can be passed, because it will be on these regulations that the enforcement Senator Corbin has talked about will depend.

● (1520)

Senator Corbin: I thank you, Senator Frith, for that reply. I hope the committee will, indeed, spend time questioning witnesses. Perhaps I can suggest that among the witnesses appearing before the committee should be the manufacturers of these transmitting and receiving devices, especially portable telephones, which are creating havoc.

My other concern, which I think I have expressed indirectly, is that there are, in stock rooms and on store shelves right across Canada and, indeed, right around the world, inventories worth hundreds of millions of dollars of these potentially disrupting devices. My question is: What happens to these people on the day that this legislation comes into force? Will there be an order to destroy such devices, or to cease selling them? I think Senator Frith is quite right in wanting an in-depth examination of the legislation, because regulation is fine; policing is also fine to a point, but it will impact on the individual who has one of these devices, and also on Canadian business as well as business abroad, because a lot of these devices are not manufactured here in Canada, but come to us from offshore.

Therefore, I am very pleased with the comment that the committee proposes to deal in depth with the legislation. I agree that the bill was not well examined in the House of Commons. It was given blanket approval, without any thought as to the precise impact on the rights of individuals to use that device or on the rights of the people who manufacture and sell such devices.

Hon. S. Chaput-Rolland: Honourable senators, I would like to add to Senator Frith's explanation to Senator Corbin that this bill looks into the quality of the manufacturing of telephones and all kinds of other things, instead of putting the onus all the time upon the consumer.

[*Translation*]

Manufacturers will henceforth be responsible for the quality of these devices. Such was not the case under our legislation. I think it is very important to emphasize that point.

Motion carried and Bill read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Chaput-Rolland, bill referred to the Standing Senate Committee on Transport and Communications.

[Senator Frith.]

[*English*]

DEPARTMENT OF INDUSTRY, SCIENCE AND TECHNOLOGY BILL

SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-3, to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act, and to make consequential amendments to other acts.

He said: Honourable senators, Bill C-3 is an act to establish the Department of Industry, Science and Technology, to repeal the Department of Regional Industrial Expansion Act, and to make consequential amendments to other acts.

The Speech from the Throne opening the current session stated as an objective the building of a strong and fully competitive economy. The government intends to achieve that goal through action on many fronts, including responsible fiscal and monetary policy, deficit control through good management and spending restraint, and the strengthening of our international partnerships.

In particular, the government intends to encourage a strong and competitive economy through sound, innovative and forward-looking industrial strategies. It is to pursue such strategies that the creation of the Department of Industry, Science and Technology was announced. As the government's flagship economic department, ISTC is charged with ensuring our international competitiveness, primarily by bringing about a greater and more effective integration of our scientific, technological and industrial activities.

The role and responsibilities of ISTC were established after extensive consultations with the scientific, academic, industrial and government communities and are based on what our industries will need in order to become and remain competitive—by way of pure science; research and development; technology development; acquisition and application of new technologies; the pursuit of new strategic technologies; and better planning, smarter investment, management, innovation and domestic and foreign marketing.

ISTC will have a strong role within the government as industry's advocate on science and industrial issues and in coordinating the science and industry related activities of other federal departments, boards and agencies. A significant part of ISTC's science mandate is to concentrate on assisting industry through the use of science and technology to improve commercial competitiveness.

Science and technology go hand in hand with industrial development. Melding the Department of Regional Industrial Expansion and the Ministry of State for Science and Technology demonstrates the government's desire to forge links between science and the economy in order to help Canadian businesses meet the challenges of global markets.

At the same time the government's investments in scientific activity serve other objectives—namely, to advance knowledge and to protect the health and safety of the public. Giving prominence to these objectives will be a key job of the Minister

for Science, supported by the new department in advocating an appropriate level of support for basic research and for government scientific activity. As part of its new orientation, ISTC programs will focus on advocacy, services to our private sector clientele, and industrial and technological competitiveness, analysis and initiatives.

● (1530)

First, there are the technology related activities, and here the emphasis has been placed on strategic technologies—that is, technologies that will underpin future competitiveness across many industrial sectors—for example, biotechnology, information technology and advanced materials. Indeed, the Speech from the Throne emphasizes this approach as a key to future competitiveness. The department will also work with companies and industries to help ensure they have the know-how, the connections and the wherewithal to adopt “best practice” technology to their particular needs.

Second, there are industrial-sector competitiveness initiatives, whereby the department will work with selected industry sectors as well as other government departments and agencies to identify constraints and opportunities, define industry-wide needs, and put together, in cooperation with the industry, a package of policy, service and program activities that are fully integrated and complementary. This comprehensive approach will help to ensure the future strength of that industry in the marketplace.

Third, there is the wide range of business information and development services to support both large and small enterprises everywhere in Canada in maintaining a market position. For example, we have international trade centres in each of our regional offices which provide information on international market opportunities to Canadian businesses.

The new department will also have responsibilities for regional development programming in the provinces of Ontario and Quebec. The Department of Regional Industrial Expansion retained these responsibilities following the decentralization of regional development programming for Atlantic and western Canada to the Atlantic Canada Opportunities Agency and the Department of Western Economic Diversification.

ISTC is in the process of establishing a separate organizational structure within the new department to handle regional development responsibilities in Ontario and Quebec in order clearly to separate its national industry, science and technology role from its regional development activities. Native economic development programming, particularly ISTC activities under the new Canadian Aboriginal Economic Development Strategy, are also a responsibility of the new department.

The activities I have described constitute a comprehensive and rational approach to industrial, economic and scientific development today and for the future. It is an approach that has the support of the private sector, and one which I confidently commend to honourable senators.

Honourable senators, it will be my intention, at the conclusion of the debate on second reading, to refer the bill to the

Standing Committee on Social Affairs, Science and Technology.

On motion of Senator Frith, for Senator Marsden, debate adjourned.

NON-SMOKERS' HEALTH ACT

BILL TO AMEND—SECOND READING

Hon. Ethel Cochrane moved the second reading of Bill C-27, to amend the Non-smokers' Health Act.

She said: Honourable senators, it gives me great pleasure to speak to you about the Non-smokers' Health Act. This is the second significant piece of federal legislation in two years dealing with tobacco use. In its original form, this legislation was debated along with the government's Tobacco Products Control Bill. Both received Royal Assent together a year ago.

Complementary though they are to one another, the latter has begun to take effect, while the Non-smokers' Health Act has had to undergo extensive revision. I am happy to be able to say, though, that the delay has proven helpful. It has given smokers more time to adapt to changing social attitudes and has resulted in much-improved legislation.

The revised Non-Smokers' Health Act now before us will do everything its sponsor originally intended. It will do so in ways that recognize the practicalities of the diverse situations in which both smokers and non-smokers find themselves in work places and on the various modes of transport throughout Canada. The problem addressed by this law is one that has stymied policy-makers for years. Only now, in the late 1980s, has it proved feasible to craft a sensible legislative approach to protection of employees and of the traveling public from unwanted exposure to tobacco smoke.

The scientific evidence that environmental tobacco smoke can harm the health of others and the realization that smoke is more than just a nuisance has been demonstrated only over the past decade. We now know that prolonged exposure to other peoples' tobacco smoke can make us sick and may contribute to a number of fatal diseases otherwise avoidable. This new perspective, along with a surging interest by Canadians in their own health and in their environment, has helped lead to a declining social acceptability of smoking, which is plainly evident. Government efforts to persuade Canadians that tobacco use is incompatible with good health have been meeting with measurable success. After decades of growth, fuelled by aggressive marketing, tobacco consumption in Canada has declined steadily since the early 1980s. Canadians have begun to see through the smoke-screen to discern healthier ways of living. The time has now come for a workable regulatory approach to prevent or reduce involuntary exposure to tobacco smoke at work and while travelling.

The Non-smokers' Health Act was originally a private member's initiative which garnered support from all members of the three parties—and, Senator Frith, the fact that the three parties did agree to it in a favourable way may have some bearing on your actions.

Senator Frith: Yes. It is not necessarily bad.

Senator Cochrane: This act has the distinction of being the first such legislation to benefit from new rules introduced by the government in the House of Commons. The bill was incomplete and flawed in its details, but the debate that led to its passage was an important signpost on the road to greater public awareness of environmental health. Its initial passage into law can be seen, in retrospect, as a statement of intent by legislators to take meaningful action in this difficult area.

Honourable senators, I believe the amended legislation now before us represents a significant cooperative achievement in the interests of public health. Officials of the government departments whose mandates are most affected by the bill have worked hard to ensure that the changes are true to the original policy intent. This has meant extensive interdepartmental discussion and further consultations with labour and management, smokers and non-smokers. As a result, this improved legislation enjoys the approval of all parties.

The amended bill will provide authority to establish a workable system of inspection and enforcement. It will take into consideration the inherent difficulty of regulating personal behaviour that has long been tolerated, but has come to be seen as inconsistent with health. Furthermore, there will be no requirement for anything elaborate or expensive. The control of smoking will be integrated into the other duties of officials charged with maintaining the safety and health of work and travel environments. With today's changed expectations in the workplace, the law will likely prove to be self-enforcing. However, a supplementary system allowing for ticketing will serve as a reminder that smoking in areas restricted by law will no longer be considered acceptable behaviour.

● (1540)

The positive impact of this law will be widely felt. The government banned smoking on short-haul flights in Canada in December 1987; within months the airlines had moved to extend the ban to all domestic and cross-border flights.

Federal public servants have enjoyed smoke-free offices since Treasury Board's initiative began to take effect at the beginning of this year. Already that example is being copied at the provincial level and shows signs of a widespread, beneficial, ripple effect.

With final passage of the Non-Smokers' Health Act, close to one million employees will benefit from legal protection against involuntary exposure to tobacco smoke in their workplaces. This includes crown corporations, like the CBC and Canada Post, as well as the full range of federally regulated industries, from trucking to banking.

The law will also apply here on Parliament Hill and will put some teeth into measures that have already been adopted in the precincts of the House of Commons. I would urge my fellow senators to put into place similar measures for the Senate before the new law comes into effect in another six months. I understand that our Clerk, Mr. Barnhart, has made a proposal to honourable senators and is awaiting their responses.

[Senator Cochrane]

In keeping with the variety of different industries and locations, the act will provide some flexibility. Employers will have the option of providing separately vented smoking rooms where this may be the preferred alternative to a smoking ban.

The need for flexibility has been a keynote in reshaping the working details of the bill, as it will be in developing the regulations. Different workplaces and a variety of special roles and situations have to be taken into account, such as guards and prisoners in our correctional institutions; sites which are both work places and public places; work places associated with isolated living quarters; and requirements for the regular cleaning and maintenance of smoking areas. All these have to be considered in applying the principles of the bill.

In the area of transport similar flexibility is needed, since the legislation will apply to different modes of federally regulated transport as well as to their stations and terminals. The revised law will also take note of its own limitations, exempting those means of transport, like commuter trains, which do not fall within its jurisdiction. Some commuter services have already taken their own initiatives in this area.

Fellow senators, this legislation has required and has received a very thorough second look. Bill C-27, the revised Non-Smokers' Health Act, will prove to be a major advance in improving the quality of life for Canadians.

We Canadians, because of our climate, spend a lot of our time indoors. More and more of us realize that we do not wish to be subjected to harmful tobacco smoke pollution. While we can control the air space of our own homes, we, as individuals, cannot reasonably control the air space where we must work.

This bill provides for this necessary clearing of the air in those locations that fall within the scope of federal law. Canadians will now be able to breathe a little easier and a little freer. Ultimately, the Non-Smokers' Health Act will be the example that we may all want to follow at home and in the private sphere, where this law, quite properly, does not reach.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, the fact that a bill received all-party support in the other place is not necessarily a sign of weakness in the legislation; it is just that it is not necessarily a sign of strength. However, in this case, as Senator Cochrane has pointed out, the legislation was widely supported in its original form and has been improved as a result of further study both in the government and in the House.

Honourable senators, Senator Haidasz was to be our spokesman on this bill, but he has been delayed. I know he is anxious to participate in any proceedings before the committee and that he had hoped to participate here today. My suggestion, honourable senators, is that we give this bill second reading now and refer it to the Standing Senate Committee on Social Affairs, Science and Technology. Senator Haidasz can then participate at the committee stage and also at third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Senator Cochrane, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

JUDGES ACT

BILL TO AMEND—SECOND READING

Hon. Nathan Nurgitz moved the second reading of Bill C-30, to amend the Judges Act.

He said: Honourable senators, in the range of bills that may cause some difficulty in the eyes of Senator Frith, this is going to hit the bell. I am really worried about how many times his garage door will fly open. As I read the House of Commons *Hansard*, the discussion on this bill takes barely two pages, so I would suggest there was barely eight minutes' worth in terms of the three-party agreement. However, as Senator Frith has so wisely pointed out, that does not necessarily mean the bill is flawed, and I would suggest to honourable senators that it is not.

This is a bill to amend the Judges Act. It responds to the decisions taken by a number of provincial governments as well as by the Government of the Northwest Territories to increase the size of their superior courts and, in some cases, their county courts.

Over the past several years the demands on Canada's court system have increased significantly, and the workload of federally appointed judges all across the country has reflected this increased demand. This has resulted in some of the provinces and territories having to enlarge the size of their superior courts and, in those provinces that have them, the county and district courts as well.

Under our constitutional division of responsibilities between the two levels of government, the provinces have primary responsibility for the administration of justice, including the constitution, maintenance and organization of the courts. On the other hand, the Governor General, the federal authority, has the authority to appoint the judges of the superior, district and county courts and Parliament has the duty to fix and provide the salaries, allowances and pensions of those judges.

It is evident, honourable senators, that the administration of justice in Canada has important federal characteristics, since the courts do indeed, as the Supreme Court of Canada so well put it, "cross the dividing line in the federal-provincial scheme of division of jurisdiction."

Bill C-30, therefore, reflects the federal government's commitment to cooperate with the provinces and territories to improve the administration of justice in Canada.

Honourable senators, the Judges Act provides for a specific number of judicial positions for each section 96 court. The Judges Act also makes provision for a pool of 49 unassigned judicial positions so that in future, as provinces and territories increase the size of their courts, additional judges may be

appointed between periodic amendments without waiting for passage of bills like this. Bill C-30 will add 35 judges to the specific authorized levels in six provinces and the Northwest Territories, in response to increases in the size of their courts that have occurred since 1985. The courts affected include provincial courts of appeal and trial courts at both the superior court level and the county court level.

Honourable senators, of the 35 positions which the six provinces and the Northwest Territories have created the Governor General has drawn on the pool provision in the Judges Act to make appointments to 21 of those positions since 1985. The previous bill as well had a pool that could be drawn on, so that as judges were required one did not have to wait for the enactment of a further amendment to the Judges Act. An additional 14 positions, therefore, would remain to be filled as a result of the amendments contained in this particular bill.

● (1550)

Bill C-30, consequently, will also replenish the Judges Act pool by re-enacting the relevant section to make contingent provision for future increases in the number of judicial appointments.

Another important aspect of Bill C-30 is that it will implement three more of the recommendations of the 1986 commission on judges' salaries and benefits which was established pursuant to the Judges Act, and which is commonly referred to as the Guthrie commission, after its chairman, Mr. Donald Guthrie, Q.C., a prominent lawyer from Toronto. The report and recommendations of the Guthrie commission were tabled in the House of Commons by the Honourable Ray Hnatyshyn on March 11, 1987. The three non-salary related recommendations of the Guthrie commission to be implemented by this bill are: an increase in the judges' incidental allowance; the provision of a removal allowance to cover the moving expenses of retiring judges, or of the survivors of judges, of the three courts established by the federal Parliament pursuant to section 101 of the Constitution Act; and the provision in statute form for lump-sum payments to the surviving spouses of judges who die in office.

Briefly, on those three points, honourable senators, in 1981 the Judges Act was amended to provide, with retroactive effect to 1979, an accountable, annual allowance for judges in the amount of \$1,000, separate from salary, for what the bill calls "reasonable incidental expenditures" that are fit and proper for the execution of the office of a judge. This incidental allowance applies against the cost, for example, of repair and replacement of court attire, the purchase of law books and periodicals, membership in legal and judicial organizations and other similar expenses not recoverable under any other provision of the Judges Act.

The inadequacy of the present allowance of \$1,000, which has not been changed in ten years, and the effects of inflation have resulted in the \$1,000 maximum being exhausted, or even exceeded, by many judges. For example, the cost of judicial robes alone in the first year in office could exhaust the full \$1,000. Similarly, the purchase of legal texts required by a judge, particularly one who is sitting in an outlying judicial

centre where the courthouse library may be less than adequate, could quickly consume a significant portion of the current \$1,000 allowance.

Honourable senators, Bill C-30 addresses the inadequacy of the present incidental allowance by providing an increase in the allowance to \$2,500, as recommended by the Guthrie commission. I am sure you will agree that this is a modest increase in view of the length of time that the current maximum limit has been in effect and of the importance of the items which the allowance is intended to cover.

Bill C-30 will extend to retiring judges of the Supreme Court of Canada, the Federal Court of Canada and the Tax Court of Canada, as well as to the surviving family members of judges of those courts who die in office, the benefit of a removal allowance to cover moving expenses to facilitate their relocation outside the National Capital region. So we are talking about someone who is required to move here by taking on an appointment to one of those three courts and who, upon retirement, would like to move back to the place from whence he or she came, or whose surviving family members would like to move back upon the death of the judge. A similar situation has been provided for for senators, which pays for the removal of a deceased senator's belongings back to his region. It was discussed, in fact, just last week at the Internal Economy Committee of the Senate.

In order to qualify for this allowance the judge must have been resident outside the National Capital region before his or her appointment to the court in question. Furthermore, I might point out to honourable senators that, because of a situation we had here, this is only payable in the event of an application being made within two years of either the death or retirement of a particular member of the court.

The removal allowance which was recommended by the Guthrie commission, and which is currently provided only to judges in the Yukon and the Northwest Territories, will alleviate possible hardship for any judge who does not want to remain in the National Capital region after retirement, or, in the case of the family, after the judge's death.

Honourable senators, currently, when a judge dies in office, a lump sum gratuity equal to one-sixth of the judge's annual salary at the time of death is paid to a surviving spouse, pursuant to Treasury Board minutes that date back to 1965. All that Bill C-30 does is to enact that and make it a statutory requirement to pay exactly that one-sixth.

Finally, honourable senators, Bill C-30 will increase from \$4,000 to \$6,000 the northern allowance provided to judges of the Yukon and Northwest Territories' supreme courts to compensate for the excessively higher cost of living in the territories.

Honourable senators, there are at present over 800 men and women serving Canada on federally appointed benches. These judges sit on the county and district courts which now exist in British Columbia, Ontario and Nova Scotia; the superior courts, trial and appeal, in all of the provinces and territories; and, under section 101 of the Constitution, the Tax Court of

[Senator Nurgitz]

Canada, the Federal Court of Canada and the Supreme Court of Canada. Their role, as many have observed, has been enhanced since the coming into force of the Charter of Rights and Freedoms. They have been entrusted with the responsibility of ensuring the rights and freedoms of all Canadians and of adjudicating the many intricate legal problems that our complex society thrusts at them. They do this with dedication, while working under increasing work loads involving matters of tremendous importance with an ever greater degree of difficulty.

Honourable senators, Bill C-30 will help to spread that work load, albeit to a small degree. The bill also enhances certain benefits for judges and their survivors to a modest degree. In a word, it is a modest bill to which I ask honourable senators to give their ready approval. I might add, as I mentioned at the outset, that this bill received somewhat hasty but good approval of all three parties in the House of Commons. It was passed quickly, but not too quickly. I would suggest, honourable senators, since there is a meeting later today of the Standing Senate Committee on Legal and Constitutional Affairs, that the committee could give some consideration to this bill if it were referred to it.

Hon. Charles Turner: Honourable senators, may I ask Senator Nurgitz a question? If a judge of a supreme court is appointed as an arbitrator, a mediator or a commissioner, does he draw pay from both jobs?

Senator Nurgitz: My understanding is that an amendment that was passed certainly within the last six or seven years forbids payment for the second job. Not even a provincial government can pay a federally appointed judge for doing extra work on arbitrations, royal commissions and the like. So my understanding is that there is no extra pay whatever.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, as Senator Nurgitz has pointed out, this bill deals with judges, as is obvious from its title. I suppose it would be fair to say that lawyers certainly do not rank in the top ten of the most popular professions in this or perhaps any other community. I think judges are generally forgiven a bit for the fact that they were once lawyers, but I do think that—

Hon. David Walker: That may have been meant to be funny, but you are as stupid as usual!

Senator Frith: And the same to you, sir! I think there is a great mutuality of a form of respect between myself and Senator Walker.

Senator Walker: I hope you don't think I overdo the respect.

Senator Frith: No. I do not think we overdo the respect for each other at all. We manage to keep it under control—and at about the same level, sir!

As Senator Nurgitz has pointed out, one of the elements of this bill is the question of the increase in the number of judges, and I think there is no doubt that a committee can find out the justification for that quite quickly. Then there are the three non-salary elements from the Guthrie commission. He has told us what they are. Many senators may want a more complete

explanation of the reason for the existence of these incidental benefits, as well as the reason for their increase. That should easily be determined by the committee also from the Guthrie Report, and no doubt we can get some material on the territories' increase, which was not a part of the Guthrie report, as I recall—at least, I don't think it was.

● (1600)

In any event, I imagine that the material that would answer questions that honourable senators, understandably, have regarding this bill is available to the committee. I think this is a bill that is eminently suitable to go forthwith to committee for study. I recommend that honourable senators support the bill at second reading and also support Senator Nurgitz's motion to have the bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time? -

On motion of Senator Nurgitz, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[Translation]

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Roch Bolduc moved the second reading of Bill C-17, to amend the Customs Tariff.

He said: Honourable senators, Bill C-17 provides for a limited number of tariff changes advocated by the private sector. Most of them are designed to reduce or do away with duties payable on a wide range of products.

[English]

Of the products affected by these amendments none is made in Canada, so no Canadian manufacturer will be hurt by the changes.

[Translation]

The other place gave swift passage to this measure and I would suggest we do the same.

Honourable senators, for a number of years the Canadian government has been amending the Customs Tariff when the annual budget is tabled, and this in response to representations made by Canadian companies and individuals seeking tariff changes which call for parliamentary intervention. The bill before us today is in keeping with the tradition.

[English]

I should add that tariff amendments of this kind are only proposed when there are compelling reasons for taking actions, such as eliminating anomalies or inequities in the tariff structure or providing needed relief to manufacturers in their efforts to compete on a viable basis in the Canadian market.

[Translation]

The bill also provides for substituting legislative provisions for a number of remission orders under which various products

come in duty free. This change will enable Parliament to review these relief measures and guarantee that manufacturers will benefit from tariff relief.

I should like to draw the attention of honourable senators to two other provisions of the bill. The first relates to the prorogation, until June 30, 1990, of the power of the governor in council to re-instate tariffs in force before the harmonized system. This prorogation will make it possible for the Canadian business sector to assess the impact of tariff changes, and for the government to take appropriate measures when these changes have a negative economic impact on the industry.

The bill is also aimed at extending indefinitely the ban on imports of pornographic, hate or seditious material so that it will not be legally allowed into Canada.

In short, honourable senators, the bill contains a limited number of Customs Tariff amendments which are all important to Canadian businessmen and individuals. I therefore urge my colleagues to pass the bill without delay.

On motion of Senator Buckwold, debate adjourned.

[English]

NATIONAL DEFENCE

MOTION FOR RECONSIDERATION OF DECISION TO CLOSE CFB SUMMERSIDE, P.E.I.—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bonnell, seconded by the Honourable Senator McElman:

That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada in closing the only National Defence base in Prince Edward Island, that is Canadian Forces Base, Summerside, and calls upon the Government of Canada to reconsider this decision.—(*Honourable Senator Phillips*).

Hon. Orville H. Phillips: Honourable senators, the motion introduced by the Honourable Senator Bonnell is very unusual. It is very unusual because it is a motion in the wrong house, at the wrong time, and moved by the wrong individual.

An Hon. Senator: Other than that?

Senator Phillips: The budget, as the honourable senator is well aware, is the responsibility of the House of Commons. The non-elected do not share in the imposition of taxation, and for that reason we do not deal with the budget, except for the tax bills which are introduced following the adoption of the budget by the House of Commons.

It is the wrong time because the House of Commons has already approved the budget. There were six full days of debate—

Senator Frith: It still may be good. Just because they approved it does not mean there may not be merit in it anyway.

Senator Phillips: There is lots of merit in the budget.

Senator Frith: In spite of the fact that the House of Commons agrees?

Senator Nurgitz: They did not do it quickly.

Senator Phillips: I am sure that as time goes on Senator Frith will see more merit in it.

Senator Frith: I doubt that!

Senator Phillips: While the budget is before the House of Commons it is subject to amendments. It is traditional in the House of Commons that amendments be moved during the budget debate. Indeed, amendments were moved to the budget. The Liberals proposed an amendment, as did the NDP, but neither amendment contained any reference to the closing of military bases, including the one located at Summerside, Prince Edward Island. I suspect there was very good reason for that. Those drafting the amendment for the Liberal Party realized that it is necessary to cut back expenditures, and one of the departments selected was the Department of National Defence. After six days' debate there was no mention of military bases in the Liberal amendment.

As I said, this motion was put in the wrong house, at the wrong time, and by the wrong individual. The individuals moving a motion of this nature should have been the honourable member for Egmont, seconded by the honourable member for Malpeque. Instead, for some reason they let the matter go by for six days and waited for Senator Bonnell to introduce his motion in the wrong house at the wrong time.

● (1610)

Honourable senators, it could have been that they were too busy participating in the provincial election and did not have time to deal with the matter in the house. In all fairness, I want to say that the honourable Liberal members from P.E.I. did ask questions in Question Period, and got a certain amount of publicity out of that, and they issued press releases to flatter their own egos. The opportunity to amend the budget and delete the closure of bases was not taken by any Liberal member from P.E.I. or from any other province, and I would ask everyone to bear that in mind.

My association with CFB Summerside goes back a long way. I had the good fortune to be the member of Parliament for Prince Edward Island in 1957, when the base was expanded to accommodate the Argus antisubmarine aircraft. I now recall the criticism that I received at that time—which is what I call the pre-Litton syndrome—that we were going to destroy Summerside and the island. Apparently, that was not the case, because now we find a great deal of disappointment and concern over the closure of the base. Situations do change. The age of the aircraft and the advanced technology developed for antisubmarine detection has taken the Argus squadron out of service.

Another situation that has changed drastically is the national debt and the interest payments. The national debt, as honourable senators know, has increased to \$320 billion, and is

[Senator Frith.]

increasing at the rate of \$80 million a day; so interest payments now consume one-third of the tax dollar.

The premier of P.E.I. in particular says that Prince Edward Island has been ill-treated by the Mulroney government. Honourable senators, I would like to place on record some of the benefits P.E.I. has received from the Mulroney government, and I thank the Honourable Senator Bonnell for introducing his motion because it gives me an excellent opportunity to do so. The Province of Prince Edward Island will receive \$188 million in equalization payments this year, which is not an insignificant sum. There have been further allocations to EPF programs, including health and education, of \$98 million and to the Canada Assistance Plan of \$24 million, which makes a total of \$292 million in direct transfers to the provincial government. This works out, honourable senators, to \$2,270 per capita.

The honourable senator, in moving his motion, suggested that a base could be closed in Quebec instead, which left the impression that Quebec receives everything. Honourable senators, I would point out that the Province of Quebec receives \$1,522 per capita as compared to Prince Edward Island's \$2,270.

The situation regarding transfers to the province should include the dramatic increases provided by the Mulroney government. If we use as a base year 1984-85, which was the last year of the Trudeau government—and it was the best year—we will find that the transfers have increased from \$207 million to \$292 million, which is hardly a case of neglect. Since the Mulroney government came into office the province has received \$240 million more than it would have under the base plan established by the Trudeau government. Again I say that that is the kind of neglect that Islanders appreciate.

The story does not end there. I mention these things because the Grits, when they are talking about Summerside, say that the whole province is going to collapse. I would like to mention a few of the other benefits that have been attributed to P.E.I. You will recall, Senator Bonnell, that Premier Ghiz reminded everyone in P.E.I. that they were going to lose their old age pension. Well, we have had free trade since December, and this year 16,000 Islanders will receive \$95 million in old age security.

Senator Marshall: And you are 65 now.

Senator Phillips: Yes, I am 65 now. I am very conscious of that for that reason. The Canada Pension Plan will contribute \$30 million to the island economy.

Senator Frith: Minus the clawback!

Senator Phillips: Further allocations include family allowances, \$16 million; child tax credit, \$13 million; unemployment insurance, \$115 million; and war veterans pensions and allowances, \$19 million. In addition, the Department of Veterans Affairs has its headquarters in Charlottetown and will spend another \$50 million in the province. The Department of Agriculture will spend \$48.2 million in Prince Edward Island this coming year. The province of P.E.I., by comparison, will

spend \$20.7 million, which is less than half of what the federal government will spend on the Department of Agriculture.

Regarding the ERDA agreements, there is a subagreement on oilseeds and grains which will contribute \$11.5 million to the province's economy. Canada Mortgage and Housing will spend \$2.7 million in subsidies this year for veterans' homes and low-rental housing. The Secretary of State, including the assistance in second language training, will spend \$1.8 million. For Senator Bonnell's benefit, I should add that this figure does not include the \$5 million being provided for the French language school and French centre in Charlottetown. The Department of Finance, purely for administration, will spend \$2 million in the province. The Department of Justice will spend \$2.5 million, and Supply and Services will spend \$14.1 million in the province also. Since the Mulroney government came into office the job strategy program has provided \$69.5 million to Prince Edward Island.

● (1620)

Honourable senators, we often hear that Prince Edward Island has no mines or resources, but I have been informed by the Department of Energy, Mines and Resources that it has contributed \$44.6 million to the various programs in Prince Edward Island, including assistance in electricity costs. The Atlantic Canada Opportunity Agency has, so far, expended \$40 million on Prince Edward Island—not an insignificant sum; the Department of National Defence, \$45 million; Transport Canada will contribute \$6.6 million and the Department of Public Works, \$44.9 million. The deficit assumed by the federal government on the operation of the CN car ferry will be \$25.3 million this year.

I should say, honourable senators, that the list is incomplete. I asked my researcher to obtain the information on short notice, but that was following Senator Bonnell's interesting remarks. He ran into a problem in that Saint Jean-Baptiste day occurred, which was a holiday in the public service. Then, yesterday, because of the heat in Ottawa, many of the public servants were given a day off. So my list is by no means complete.

But if we added the transfers and the expenditures by the federal government, we would have a total figure of \$992.9 million, or almost \$1 billion, being spent for 128,000 people. And, honourable senators, that is really not "neglect."

I am sure that Senator Bonnell will want to explain those figures to his fellow Islanders. Perhaps I will spend a little more time doing that too. I hope he will explain to them that it is not neglect and that, in spite of all of these contributions, the premier and every other Grit on P.E.I. enjoys kicking the Prime Minister and the federal government around. Honourable senators, occasionally I get the idea that they are a bunch of ingrates. I would like to say that a little more strongly, but I do not think parliamentary rules would permit me to do so.

Honourable senators, Senator Bonnell is a nice fellow and I am sure he will cooperate with me. I noted that the recent session of the Prince Edward Island legislature was very short—a three-day session—and opened with a throne speech

saying that the Province of Prince Edward Island recognized the need to reduce the debt and the deficit. The next question is: Where would you reduce the budget, Senator Bonnell? What payment to P.E.I. would you eliminate or cut back? Would you cut back on the \$292 million in transfers? That is one-half of the provincial budget. Or would you rather take it out of the \$95 million paid in old age security?

I should point out for the benefit of other honourable senators that it costs the Department of Defence \$45 million per year to maintain the base at Summerside. So I am asking Senator Bonnell where he would recover that \$45 million and maintain all of the other programs. Would he rather take it out of the \$24 million that is paid through the Canada Assistance Plan, or perhaps the transfers for health and education programs? Senator Bonnell has such a wide option that I know he will want to take his time and think this over. I do not expect an immediate response—he can tell us in the near future.

Senator Bonnell: I will tell you today.

Senator Phillips: You will.

Senator Bosa: Those are national benefits, are they not?

Senator Phillips: Yes, that is right. If you took these all across the country you would realize just how generous the Mulroney government is to the provinces.

Senator Bosa: Why are you speaking only of P.E.I., then?

Senator Phillips: That is what is dealt with in this motion.

Hon. John B. Stewart: May I ask the honourable senator a question at this point?

Senator Phillips: Certainly.

Senator Stewart: Senator Phillips has mentioned various programs such as the Canada Pension Plan, old age security pensions and so on under which benefits are paid to residents of Prince Edward Island. Most of the payments that he has mentioned eventuated from standard national or regional programs. Yet what he is saying seems to imply that somehow or other Prince Edward Island is being treated with an especially generous hand.

Senator Bonnell: A special status.

Senator Stewart: Is that what he intends to convey to the Senate? Is that what he is saying?

Senator Phillips: No, honourable senators, I am putting on record the facts. Senators may decide what they want to infer from them; I will decide what I want to convey by them, but the facts will be there. And something that some honourable senators do not put on record too often is facts. So senators have now had their questions and I will move on.

Senator Stewart: But we have had no answers.

Senator Phillips: You have had your answer too.

Honourable senators, Prince Edward Island has a dairy industry, and that industry, as is the case all across Canada, receives considerable subsidies. Is the premier suggesting that

we retain CFB Summerside and its cost of \$45 million in exchange for the dairy subsidy?

Senator Bonnell is acting as the surrogate for Premier Ghiz in this chamber, and I find nothing wrong with that idea. Senator Bonnell is an able individual—in fact, on the Liberal side he is certainly the most able individual that the premier could get in Ottawa. However, this confers upon Senator Bonnell special responsibility: he has to convey to this chamber the cutbacks that the premier would prefer, instead of closing CFB Summerside.

When the budget was announced and the closure of CFB Summerside was included in it, the premier started out on a very strange tactic. First, he called a provincial election one and a half years early, and the main issue of it was the closure of CFB Summerside. He then set up a task force with two objects in mind: first, a study of the economic impacts of the closure of Summerside; second, a search for alternative uses for the base at Summerside. I cooperated with the task force, obtained information, set up meetings in Ottawa—in fact, in late May, just before the provincial election, my office arranged a meeting of the task force with 19 different officials from various departments, to whom the task force presented the economic impact study that it had completed. Senator Bonnell was elsewhere while that was being done. I assume he did not know about Summerside at that time and has since found out about it. That is quite all right, Senator Bonnell. We appreciate your interest, even though it is belated.

● (1630)

The second phase of the task force report regarding alternative use was presented to the premier. He sat on it and allowed no one to see it. Despite the fact that I cooperated with the task force in every way I could, I cannot get a copy of it. That makes it very awkward to deal with the future of Summerside. I would ask my honourable friend to go back to the premier of P.E.I. and ask him to read the report and get moving on it. If he did that, I would have a great deal more respect for him than I have now. I should say that I do have a great deal of respect for the honourable senator.

Since the election the premier has been indifferent to CFB Summerside. He has had time to attend a meeting of the maritime premiers; he has had time to attend a meeting of the governors of the New England states at Montebello. I doubt very much if CFB Summerside was discussed while the premier was in the hot tub at Montebello.

Recently some people have reminded the premier that he received a mandate to deal with CFB Summerside. His reaction was that you cannot expect a premier of a province to deal with something like that. He looked at his cabinet ministers, but very few of them were in P.E.I. They were in Ottawa attempting to get more money for road construction; they were attempting to get the ERDA agreements renewed; they were attempting to obtain further assistance for the high electrical costs in P.E.I. The premier could not spare any of them. So he said, "Leave that to Senator Bonnell."

[Senator Phillips.]

Two months following the announcement, during which time there was an election campaign, Summerside received the services of Senator Bonnell. They are very able services, but he is in the wrong house at the wrong time and with the wrong party.

Senator Bonnell, in his remarks, followed the party line that Summerside is going to die and P.E.I. is going to collapse because it will be losing \$45 million out of \$1 billion. Summerside is going to hurt for one or two years, until we find an alternative use. No one denies that. However, Senator Bonnell, being a physician, will realize that the affliction is not fatal or terminal. Summerside will recover and Summerside will live. I do not think he is doing the town any great service by continuing with this attitude.

Some Hon. Senators: Hear, hear!

Senator Phillips: Senator Bonnell tends to exaggerate in his speeches. In fact, he exaggerates in everything except his income tax, when his attitude changes.

Senator Frith: Unlike the speaker, who, of course, underestimates everything.

Senator Phillips: That is right. I am very conservative. Senator Bonnell exaggerated when he said that the Prince Edward Island tourist industry was going to suffer because people come to P.E.I. to visit relatives and see the base at Summerside.

Honourable senators, last year the site of the Anne of Green Gables farm in the national park in P.E.I. received 75,000 Japanese visitors. I don't think any of them came to see the base at Summerside.

Senator Bonnell is concerned about the loss to provincial revenues. I am rather surprised that he has brought that up. The provincial government, headed by James Lee, had arranged with the Mulroney government to locate a Litton plant in Charlottetown. This plant would be manufacturing sights for an antiaircraft device to be used by our forces in Europe. When the Ghiz government came into power they immediately abandoned the plant, because a plant manufacturing war devices did not fit in with the P.E.I. way or lifestyle. It seems odd to me that a plant manufacturing an antiaircraft sight does not fit in with the P.E.I. way of life but an antisubmarine squadron and base is absolutely essential to P.E.I. There is a certain hypocrisy there that I find difficult to accept.

I would ask Senator Bonnell to take this message back to the premier. The loss in provincial revenues from CFB Summerside will be less than what he lost when he kicked out Litton and its associated industries.

Summerside is the centre of an area with a population of approximately 20,000 people. It is the service centre for an agricultural and fishing area. It has shopping centres, clothing stores, automobile agencies, and all the other things that go with a service centre. I am not convinced that Summerside, because of the loss of 750 military personnel and their dependants, is going to fold up and die.

I should like to go back a few years to when the fishing industry in the maritimes had to consolidate and close a number of plants. The government of the day appointed a royal commission headed by Michael Kirby, now Senator Kirby, a member of this chamber. That commission recognized that certain towns would be hurt by the closure of their fish plant. In these towns often the fish plant was the only source of income. They did not have a rural area supporting it, as Summerside does. Senator Kirby received great praise from the Liberal senators, in particular, for saying that the matter of these small towns is an economic one, not one for the fishing industry, and that the future of these towns would become the responsibility of the provincial government. The federal government, if it wished, could help.

● (1640)

The Department of National Defence, as in the case of the fishing industry, is consolidating and closing down various departments, and states that it has no military use for Summerside. Recently the new chief of staff, when testifying before the Special Committee of the Senate on National Defence, stated that it would cost an additional \$331 million to refit the "Argus" to keep those aircraft flying. It is obviously an economic matter when the future of Summerside is considered by the Department of National Defence.

Other one-town industries have experienced situations similar to Summerside—and here I am thinking of mining towns that have had a mine closed. In those situations the province moved in to help that community.

In this case Premier Ghiz has not offered a thing to Summerside, except Senator Bonnell. He has an obligation to do better than that. He is supposed to have a department of industry which has been planning new industry to replace the Litton plant. It has been planning for three and a half years. Senator Bonnell, why not come out with some of those industries now? What a boost it would give to the morale in Summerside if Premier Ghiz were to announce over the weekend that he has two industries for Summerside, each employing 100 people. What a boost that would give to the morale of the people. You would then not have to go around saying that the town will die.

Some Hon. Senators: Hear, hear!

Senator Phillips: Will you encourage Premier Ghiz to assume his provincial responsibility? He is fond of reminding us that P.E.I. is a province; he is the premier. Sometimes he reminds me of a young teenager who insists on being treated like an adult but is unwilling to assume the responsibility of adulthood. Premier Ghiz wants to be treated as a premier. He wants to say that he heads the government, but he does not want to take any responsibility. He always says, "Leave it to the feds."

There may be a reason for that. I don't think the premier has any self-confidence or faith in his own ability because, when any problem comes up, he immediately turns and says, "Ottawa should do it." He obviously suffers from lack of self-confidence. The cabinet ministers are the same. They

holler to Ottawa when they encounter a problem. Apparently they have no faith in the premier either, or the members of the legislature would be calling on the premier to help out in Summerside.

There is one particular action of the Liberals in P.E.I. which I want to refer to briefly. Last week the newly elected member of the legislature for Summerside, Mr. McEwen, attended a meeting of the Summerside chamber of commerce. He introduced a motion calling on the Ghiz government to withdraw its support for Meech Lake unless the federal government agreed to keep CFB Summerside open.

An Hon. Senator: Shame!

Senator Phillips: Blackmail in any form is ugly, Mr. Premier. I hope you will take that message back to Premier Ghiz, Senator Bonnell.

Senator Frith: Including the blackmail of the Prime Minister as to what will happen if they do not pass the Meech Lake Accord. Would you include that as one of the forms that are reprehensible?

Senator Phillips: Senator Frith, Senator Bonnell does not need your assistance. He is much more intelligent and much more able than you. He needs my assistance, and if you just keep quiet I will provide it to him.

Senator Frith: I did not say it to assist him; I said it to disassist you!

Senator Nurgitz: He doesn't need any assistance.

Senator Phillips: The action of Mr. McEwen could have been considered that of a political neophyte. But it was not the action of a political neophyte, because Mr. McEwen was president of the Prince Edward Island Liberal Association. He has also been their campaign manager federally and provincially for the last four or five elections. I find it impossible to believe that Mr. McEwen acted without the knowledge and approval of Premier Ghiz.

Last weekend, on P.E.I., a friend made an interesting observation about Premier Ghiz's attitude. I will briefly pass it on to the Senate.

As Senator Bonnell knows, Premier Ghiz has aspirations for the national leadership.

Senator Bonnell: For which party?

Senator Phillips: He apparently believes that if he can keep complications going with the Prime Minister, and go out on a cross-Canada tour complaining about the Prime Minister's treatment of "small town" Canada, he can win the Liberal leadership.

That may be a good move politically for the premier, but it is not helping Summerside. That is what both Senator Bonnell and I are concerned with.

Honourable senators, in coming to the last part of my remarks I wish to make an appeal to Senator Bonnell. We have had a long, friendly association, and we have worked together and cooperated in the past. I will ask Senator Bonnell to work with me. Since we cannot get the report of the task

force dealing with an alternative use of the base at Summerside, I will ask for the able assistance of Senator Bonnell in developing one. We will have to work without the consultants provided to the premier and all the public civil servants, but I am sure that, between the two of us, we will do very well.

● (1650)

I discussed with the task force one suggestion for the future of Summerside. As honourable senators are aware, it is becoming increasingly apparent that Canada will have to conduct more aerial surveillance of the fishing industry both off Newfoundland and, in particular, beyond the 200-mile limit. I also made the suggestion that environmental surveys will become more important as the new Minister of the Environment places greater emphasis on the protection of the environment. With this in mind, I suggested that Canada modify and adapt Dash-8 aircraft for this purpose. These aircraft, possibly six in number, could be located at Summerside, together with the three aircraft that are presently there with the search and rescue squadron. Such work would, I think, allow a future for Summerside. Possibly these matters may be contained in the task force report; I do not know. However I am sure that Senator Bonnell would support both of these suggestions.

Honourable senators, it is proposed that various government agencies be moved around the country. Perhaps we could have another agency replace CFB Summerside. ACOA, at the present time, is carrying out a study to find alternatives for CFB Summerside, and I know that Senator Bonnell works very closely with ACOA, as we all do. We all appreciate the benefits that ACOA has provided to the provinces.

Honourable senators, if all else fails, it is my suggestion that the town of Summerside should have a look at the base as an industrial site. Also, I intend to make the proposal that a special fund be established for attracting industries to CFB Summerside. I would suggest the establishment of a \$40 million fund. Some honourable senators may think that that is high. However, I would point out that the province very quickly absorbed the \$40 million from ACOA. To me, this demonstrates the need for a fund.

Honourable senators, I have some concern with the fact that ACOA is doing all of the searching for alternatives for CFB Summerside. Perhaps we should have a separate group of citizens performing that task. I am thinking of Islanders who have been chairmen of various corporations over the years and are now retired. I can think of two or three off the top of my head; I am sure Senator Bonnell can do the same, and perhaps Senators Macquarrie and Rossiter also have people in mind who could perform this task.

Further, I would suggest that the \$40 million fund be made up of \$20 million from the provincial government and \$20 million from the federal government, and that the fund be under the administration of a board composed of two members appointed by the province and two members appointed by the federal government, together with a chairman. The mayor of Summerside, Mayor Stewart, and his council are very dedicated individuals. I suggest that the mayor and his council

[Senator Phillips.]

appoint the chairman. I am sure that Senator Bonnell will support me in that.

Honourable senators, various cabinet ministers within the government have offered their assistance. I am thinking of Elmer MacKay, the head of ACOA, the Honourable Barbara McDougall and Senator Lowell Murray, the Leader of the Government in the Senate. These ministers have all volunteered their assistance and I think we should be in a position to take up that offer.

For that reason, honourable senators, I move, seconded by the Honourable Senator Macquarrie, that the motion be amended by deleting all the words after the word "regions" in line 2 thereof and substituting the following therefor:

and recognizing the importance of the national budgetary position in addressing that commitment, the Senate recommends that the Government of Canada and the Government of the Province of Prince Edward Island cooperate in developing sound economic alternatives to Canadian Forces Base Summerside.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment?

POINT OF ORDER

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I rise on a point of order. I do not have a copy of the amendment and therefore I am somewhat limited in my ability to judge its contents. However, as I heard it read, it seemed to me to be a new proposition which ought to be dealt with separately—in other words, to be put on the order paper as a separate item rather than in the form of an amendment which substitutes that new proposition. It is my contention that this new proposition totally takes away the original proposition and replaces it with a new one.

Hon. Orville H. Phillips: Honourable senators, on the point raised by the Honourable Senator MacEachen, I disagree that my amendment is raising a new element in the debate.

Senator MacEachen: Perhaps we could have a copy of the amendment before we debate further.

Senator Phillips: The purpose of the motion was to assist CFB Summerside, in the same way as was the motion proposed by Senator Bonnell. I am sure he did not move his motion for any other purpose. Therefore, the motion is, in my view, in order.

Honourable senators, I should like to point out that there is one special advantage to this amendment which Senator MacEachen may be interested in. On the night of the federal election the media asked Premier Ghiz how negotiations would take place with the federal government, since the island had elected four Liberals. Premier Ghiz replied that that would be no problem. He said that he was a negotiator; he would negotiate with the federal government. Honourable senators, this amendment to the motion gives the Premier of Prince

Edward Island the opportunity to prove that he is a great negotiator. I would therefore ask you to adopt the amendment.

● (1700)

Hon. Henry D. Hicks: Your Honour, I wish to speak to the main motion. Do you wish to dispose of the amendment first?

The Hon. the Speaker *pro tempore*: We must deal with the amendment first, so I will hear argument as to whether or not the motion is in order.

Hon. John B. Stewart: Honourable senators, I suggest that the amendment proposed by Senator Phillips is not in order. The proposition we are asked to accept by Senator Bonnell's motion is that "the Senate disagrees with the decision of the Government of Canada," and so on. Senator Phillip's proposal would set aside completely the subject of the motion, namely, "the decision of the government," proposed by Senator Bonnell. It is not an amendment. Senator Phillips is attempting to supplant Senator Bonnell's motion. As Senator MacEachen has said, he can make a new beginning. That option is open to him and there is a procedure by which he can do so. However, he simply cannot knock out the proposal now before the Senate by an amendment which simply supplants that proposal. If the honourable senator does not like Senator Bonnell's motion, he can vote against it and start his own motion on a separate track, but he cannot simply take over Senator Bonnell's motion by this kind of amendment, which changes the subject.

Hon. Duff Roblin: Honourable senators, I rise on the point of order. I must say that I am inclined to think that the motion is entirely in order. The first motion, which is on the order paper, has to do in substance with the future of Summerside. That is the essence of it, the future of Summerside and what is to be done about it. The amendment also deals with that same general topic, the future of Summerside and what is to be done about it. The fact that these kinds of amendments are contemplated is clearly outlined in *Beauchesne's*, Fifth Edition, section 425, which reads as follows:

The object of an amendment may be either to modify a question in such a way as to increase its acceptability or to present to the House a different proposition as an alternative to the original which must, however, be relevant to the subject of the questions.

Senator MacEachen: Isn't that referring to a second reading amendment?

Senator Roblin: It is dealing with amendments generally. I put it to the house that, if that section of *Beauchesne's* applies to this amendment, as I believe it does, it seems to me the amendment is clearly within the rules, as it deals with the same subject. In my opinion, it increases the acceptability of the original motion, which is one of the criteria expressed here, and it presents "to the House a different proposition as an alternative to the original." Surely that is exactly what this motion does. So on that basis it seems to me that there are reasonable grounds for thinking that the amendment is not out of order and that it should be accepted by the house. There are other rules here with respect to amendments that have a

certain applicability to what we have in front of us, but it seems to me that the citation I have just placed before you is most apropos and pertains most directly to the matter before us.

Hon. M. Lorne Bonnell: Honourable senators, I rise on the point of order. My motion deals with national defence policy. The motion deals with that policy when it says:

That in view of the national commitment to serve the development of Canada's regions and the role of the National Defence spending in achieving such an objective, the Senate disagrees with the decision of the Government of Canada . . .

It is the national defence spending policy of the government as a whole with which we disagree, in that by their actions they are not looking after the disparity of the regions. It is not only Prince Edward Island or not only Summerside. It is the national policy I am talking about.

Senator Roblin: You didn't say that the other day.

Senator Bonnell: I gave Summerside as an example. By the motion in amendment you are changing the whole thing and, as far as I am concerned, it is out of order.

[Translation]

Hon. Martial Asselin: Honourable senators, I think that Senator Bonnell is mistaken in trying to explain that his motion is only intended to criticize the national defence budget as it affects such a commitment. He wants to criticize it in connection with the closure of the Canadian Forces Base in Prince Edward Island. He is not criticizing the whole national defence policy and budget.

Since you made a negative motion, Senator Bonnell, the motion by Senator Phillips in no way changes the substance of your motion. You say that the Government of Canada must be censured. In his amendment, Senator Phillips is telling you that instead of that, other ways will be found to help Canadian Forces Base Summerside economically.

The amendment moved by Senator Phillips is completely in order. You made a negative motion and Senator Phillips made a positive motion saying that instead of criticizing the Government for its national defence policy, we will offer economic solutions for the closure of the Summerside base.

I think that the amendment is completely in order and must be accepted.

[English]

Senator Bonnell: Honourable senators, the National Defence policy that is being changed here has to do with the fact that the government is closing out the only National Defence base in a province. If they took out every defence base in Ontario, every defence base in Quebec, or every defence base in Nova Scotia, then it would fit, but they closed all National Defence bases in Prince Edward Island. That is the policy of the government that the Senate is criticizing.

Senator Simard: And you don't want to do anything about it, anything constructive!

The Hon. the Speaker *pro tempore*: If there are no other views on the point of order, I shall take the question under advisement and report back to the Senate at a later date.

Senator Hicks: Your Honour, may we continue the debate on the main motion, or is that matter suspended until the matter of the amendment is disposed of?

The Hon. the Speaker *pro tempore*: We must dispose of the amendment before we can proceed with the main motion, unless the Senate gives leave.

Senator Hicks: I am not asking for leave.

Hon. Philippe Deane Gigantès: Honourable senators, I wonder if Senator Phillips would allow me to ask him a factual question.

Senator Phillips: Yes.

Senator Gigantès: If I did not misunderstand the honourable senator, he said during his speech that during the election campaign in Prince Edward Island Premier Ghiz told electors that if the Free Trade Agreement passed they would lose their old age pensions. I would be most grateful, sir, if you would ask your researcher to give me a clipping.

Senator Phillips: Honourable senators, I will be delighted to oblige the honourable senator, and I will do better than that. If he would care to visit P.E.I. as a tourist, with or without CFB Summerside, I will be glad to introduce him to thousands of senior citizens who were told that.

Senator Gigantès: I will come, sir, but I have no Japanese relatives at CFB Summerside.

Speaker's ruling on point of order reserved.

• (1710)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SIXTEENTH REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Sixteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Banking, Trade and Commerce) presented in the Senate on 22nd June, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

SEVENTEENTH REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Seventeenth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget of Social Affairs, Science and Technology) presented in the Senate on 22nd June, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

[Senator Simard.]

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

SCRUTINY OF REGULATIONS

THIRD REPORT OF JOINT COMMITTEE ADOPTED

On the Order:

Consideration of the Third Report of the Standing Joint Committee for the Scrutiny of Regulations (Section 4 of the *Seals Act*) presented in the Senate on 22nd June, 1989.—(*Honourable Senator Cogger*).

Hon. Michel Cogger: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTEENTH REPORT OF COMMITTEE ADOPTED

On the Order:

Consideration of the Fifteenth Report of the Standing Committee on Internal Economy, Budgets and Administration (recording employees' attendance), presented in the Senate on 21st June, 1989.—(*Honourable Senator LeBlanc, P.C. (Beauséjour)*).

Hon. Roméo LeBlanc: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

[Translation]

LEBANON

CURRENT SITUATION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator De Bané, P.C., calling the attention of the Senate to the situation in Lebanon.—(*Honourable Senator Asselin, P.C.*).

Hon. Martial Asselin: Honourable senators, although it is getting rather late, I would like to take a few minutes to speak to the inquiry of Senator de Bané, calling our attention to the situation in Lebanon.

I was impressed by the eloquence of Senator De Bané's speech in this Chamber on the difficult situation in Lebanon today. While Senator De Bané was speaking, I thought about the fact that for several days, we had been talking a great deal about the events in China and especially the massacre of the students whose demands for democracy, were brutally repressed by the political authorities.

I mused about the fact that recent events on the international scene have an enormous impact and that we talk about them a lot. In doing so, we often forget other events that are just as important and especially what is happening today in Lebanon.

A civil war has been raging in Lebanon for nearly 15 years. We tend to forget that Lebanon is in a very precarious situation. There is no political will to find a solution to the problems confronting Lebanon. The country is squeezed between two powers. There is Syria, which has always considered Lebanon as part of its national territory and there is Israel which intervenes to protect its buffer zones and thus prevent incursions by Palestinians into its territory.

The parties involved, the Druse, Shiites and Christians, all have their own leaders who hold opposing religious views. Lebanon has become the scene of kidnappings with Iran as an accessory. Every week, any number of Lebanese are killed by bombs, fires and all kinds of atrocities.

We know that Lebanon has not known democracy for fifteen years. I am somewhat familiar with the situation because the vice-president of the International Association of Francophone Parliamentarians, Mr. Babikian, who joined us in Dakar when we were there, had to leave his country in a military helicopter to be able to attend the Francophone Summit that was being held in Dakar.

Senator De Bané referred to a resolution adopted in Dakar by the Heads of State during the Francophone Summit. At that time there was also a meeting of the League of Arab States, and the delegates in Dakar had high hopes for that meeting. At the meeting, the Arab states discussed various issues but lacked did not have the political will to condemn the atrocities perpetrated by the Syrians and especially their intervention in a country that seems to have become an extension of Syria.

Three referees were appointed: the Presidents of Morocco, Saudi Arabia and Algeria, with a mandate to find a way to negotiate a cease-fire and resolve the conflict.

The Francophone Summit, chaired by the President of the host country which also has domestic problems, wanted to reaffirm the resolve of Francophone countries to help the Lebanese overcome their problems.

The resolution on Lebanon was sponsored, as Senator De Bané said, by the Prime Minister of Canada. At the Summit, Mr. Mulroney acquired a lot of credibility, and in my view he has become one of the leading figures of these Francophone summits. It was absolutely necessary to make the francophone world aware of the problems facing Lebanon in the area of education, in its cultural, educational and technical institutions, problems that it is hard-pressed to overcome. I think the Heads of State at the Francophone Summit are to be commended for insisting on adopting this resolution which will help or encourage the Lebanese in their struggle for freedom.

There are a number of other things Canada could do to help the Lebanese. I am told that hundreds of Lebanese want to immigrate to Canada and that they are having some problems.

The Immigration Act was amended to accommodate the boat people. We set aside certain provisions of the Act to make it possible for these people to enter Canada. I think we should do the same for the Lebanese.

Honourable senators, I fully endorse what was said by Senator De Bané with respect to the Francophone Summit in Dakar and in support of the resolution by the Heads of State. The resolution is an extension of the one adopted by the Francophone Summit in Québec City. It dealt mainly with:

... extending the solidarity fund created by the Québec Summit for rebuilding cultural, educational, technical and hospital institutions in Lebanon and calls on Member States to contribute to this solidarity fund.

The Heads of State at the Francophone Summit agreed to support a solidarity fund, to try and help the Lebanese rebuild their cultural, educational and technical institutions.

I think we should strongly support the resolution adopted by the Heads of State. I would like to see the resolution adopted by both Houses of Parliament and not just by the Senate, since the Parliament of Canada consists of the House of Commons and the Senate. When Senator Haidasz presents his motion to have the Senate adopt the resolution by the Heads of State at the Francophone Summit, I will move an amendment, asking the House of Commons to join the Senate in supporting a resolution that I feel might help or at least encourage the Lebanese to overcome their problems.

Honourable senators, I want to congratulate Senator De Bané for having raised this important issue. We have tremendous sympathy for Lebanon, and we hope that a political solution can be imposed as soon as possible.

I hope the resolution will draw the attention of the entire world to the major problems being experienced by the Lebanese today.

Thank you, honourable senators.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

• (1720)

[English]

TRANSPORT

NEWFOUNDLAND—EFFECTS OF WITHDRAWAL OF AIR CANADA SERVICE FROM STEPHENVILLE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Marshall calling the attention of the Senate to the effects of the announcement by Air Canada on February 1, 1989, to withdraw service from the Town of Stephenville in the Province of Newfoundland, effective June 17, 1989.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, I do not intend to talk long about this, except to say that the service has also been withdrawn from Prince Edward Island so that now, in order to get from Ottawa to Charlottetown, since the direct flight has been discontinued, you have to go to Halifax and then, after a stopover, continue on to Charlottetown. Because of deregulation Stephenville, Charlottetown and other places in Canada find that Air Canada has withdrawn its services or given us second class service. Since, as of June 17, this has already happened in Stephenville, Newfoundland, and in

Charlottetown, Prince Edward Island, I should like to move that this motion be referred to the Standing Senate Committee on Transport and Communications so it can look into Air Canada and into deregulation during the summer or during the fall and that it report back to the Senate before December 31, 1989.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

Hon. Royce Frith (Deputy Leader of the Opposition): Your Honour, as I understand it, Senator Bonnell has moved that this inquiry be referred to the Standing Senate Committee on Transport and Communications.

Hon. Henry D. Hicks: It is not an inquiry; it is on the Orders of the Day.

Senator Frith: But it is an inquiry. It is certainly an inquiry.

Hon. C. William Doody (Deputy Leader of the Government): It is an inquiry of Senator Marshall's.

The Hon. the Speaker: It is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Olson, that this matter be referred to the Standing Senate Committee on Transport and Communications and that it report back by December 31, 1989.

Is it your pleasure, honourable senators, to adopt the motion?

Senator Doody: In view of the fact that we do not have a copy of that motion and have not had a chance to study it, I suggest we take the adjournment at this point and look at it tomorrow.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.
On motion of Senator Doody, debate adjourned.

[Translation]

NATIONAL HEALTH PROGRAM

MOTION TO AUTHORIZE SOCIAL AFFAIR SCIENCE AND
TECHNOLOGY COMMITTEE TO STUDY PROBLEMS IN
SHORT-TERM CARE HOSPITALS AND INSTITUTIONS—DEBATE
ADJOURNED

Hon. Paul David, pursuant to his notice of motion of Wednesday, June 21, 1989, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

[English]

Some Hon. Senators: Agreed.

[Senator Bonnell.]

Hon. Royce Frith (Deputy Leader of the Opposition): Well, let us hear about it.

Hon. M. Lorne Bonnell: If Senator David is going to debate the motion, that is fine. If not, I will take the adjournment.

The Hon. the Speaker: I believe Senator David wishes to speak.

[Translation]

Senator David: Honourable senators, if Senator Bonnell wanted to adjourn this motion for another day, I wonder why he did not do so when I discussed this subject last May, during my inquiry on health care in Canada. All senators could have debated this inquiry. I presented a notice of motion and a motion so that we could begin looking into the technology of this research as soon as possible during July and August. It seems to me that it would be desirable for us to pass this motion with full knowledge, unless the Hon. Senator Bonnell has very serious objections. It just repeats what I already said in this House two months ago. All senators who spoke on this inquiry supported the idea of this research project and of referring it to the Social Affairs, Science and Technology Committee.

I wonder if in an ultimate effort of reconciliation, Senator Bonnell would allow me to have this motion passed today so that the necessary research budget could be presented to the Internal Economy, Budgets and Administration Committee tomorrow and so that I can start the work under the committee's direction. Especially since Senator Bonnell is a member of the Social Affairs, Science and Technology Committee and he could speak on, modify or improve any presentation that I might make next fall when we will present a very structured plan of what we intend to do starting in the fall.

● (1730)

[English]

Senator Bonnell: Honourable senators, I see nothing wrong with what Senator David has said. However, I should like to have some time to discuss this matter and inform honourable senators of what an important issue this is. At the same time I should like to clarify the situation. Order No. 13 states:

Resuming the debate on the inquiry of the Honourable Senator David calling the attention of the Senate to a research study on demographic evolution in Canada; its causes and consequences.

That is a very broad study and one that could go on for two or three years. Senator David and I have talked about that and he has perhaps agreed to drop this inquiry.

Senator David: On a question of privilege. I am wondering if the honourable senator is not confusing order No. 13 with motion No. 3. The motion deals only with health problems, especially to restrain a little the wideness of the problem as to acute care hospitals in Canada.

Senator Bonnell: Motion No. 3 is more refined and deals with short-term care hospitals. It states:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to undertake a

preliminary study of problems encountered in short-term care hospitals and institutions under the National Health Program in Canada; and

That the Committee present its report no later than March 31, 1990.

I am not sure if that means active treatment hospitals or chronic treatment hospitals. I do not know what short-term care hospitals are. We do not use that term in my province. We have active treatment hospitals, chronic hospitals, homes for special care, senior citizens' housing and perhaps overnight beds in nursing homes. But to study short-term care hospitals and institutions does not seem to cover the field as broadly as I would like to have it covered, and that is why I want to speak on this matter.

Some years ago—let me say approximately in 1971—Canada's senior citizens stood at 5 per cent of the population. Today that figure is 11 per cent. By the year 2031 that figure will be 22 per cent.

Today, with only 11 per cent of our population being senior citizens, approximately 35 per cent of our active treatment hospital beds are taken up by senior citizens. Their stay in our hospitals is at least twice as long, and in some cases three times as long, as the average stay for those who are not senior citizens. With the growing increase in the number of senior citizens in this country—with the baby boomers now becoming senior citizens—and because people live longer, I say that we need more chronic care hospitals. We need more homes for special care. We need a national program to look after the senior citizens of this country, whether that means keeping them at home as much as we can, because many senior citizens prefer that, or means having more chronic care hospitals.

As far as I am concerned, the study should include active treatment hospitals, chronic treatment hospitals, homes for special care, and perhaps community care facilities in which there is some kind of supervision.

I do not want to get involved in the whole National Health Program, because that would be too long a study, but I do want to have a study respecting senior citizens, active treatment hospitals, chronic treatment hospitals, homes for special care and other types of medical and hospital care for our senior citizens. I would like to curtail the study to senior citizens and the types of hospital care they need. I am not sure what the honourable senator means by "short-term care hospitals."

If we could broaden the terms of reference to include that, I would be prepared to let the motion pass today. If Senator David would allow me to amend the motion by changing the words "short-term care hospitals" to "active treatment hospitals" and to add the words "chronic hospitals and homes for special care," I would be prepared to let the motion pass today; otherwise I will adjourn the debate.

Hon. Duff Roblin: Honourable senators, may I ask a question for clarification? I think we have already had before us the resolution dealing with the demographic changes that are going on in the country. My understanding is that the study

respecting demographic changes zeroes in on the question of the aging of the population. I don't know if that is what Senator David had in mind when he proposed that resolution, but it seems to me that the resolution deals with the point my honourable friend has just been making.

I would ask for clarification of this point, because it seems to me that there is a little confusion—certainly in my mind—as to the resolution respecting demographics, which I think is aimed at the aging of the population, and the resolution before us now respecting short-term care hospitals. Granted they are related; in fact, one could say they are closely related; but what has been represented to us is two distinct approaches to the problem.

[Translation]

Senator David: Honourable Senators, I do not want to extend this debate indefinitely.

[English]

To my mind, honourable senators, chronic care patients occupy from 10 to 20 per cent of the beds in what we call short-term care hospitals. That is one of the aspects that will be studied, as far as I am concerned, because we will not be able to avoid studying precisely what Senator Bonnell has mentioned respecting chronic care beds and the beds that are in active hospitals, but which are used for older patients. Senator Bonnell can be assured that that aspect will be studied seriously. I accept his amendment so that he can sleep better tonight. I gladly accept that Senator Bonnell improves my motion by including convalescent hospitals and hospitals for the aged. As far as I am concerned, they are all part of the same picture.

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators have managed what appears to be not a particularly difficult task, but I am thoroughly confused on this matter at this point.

My understanding was—and I stand to be corrected on this—that various members of the Senate interested in this picture had discussed the possibility of a study and had agreed to narrow it down to a specific subject at this time because they felt it was too big a chunk of the whole health care system to try to tackle in one operation. It would be a huge project involving a lot of money and a lot of resources. It was agreed among various senators, after some discussion, that this relatively small study, as described by Senator David in his motion, would be entered into.

• (1740)

Senator Bonnell has proposed that it be expanded to include another area and Senator David has agreed to do that. Now I am afraid that someone else with particular health interest—

Senator Bonnell: Pass the motion.

Senator Doody: —is going to propose it again. Right now, if Senator David agrees with Senator Bonnell, the study will not be the study that we had informally agreed to undertake. I am not in a position to agree on our side that an expanded study is acceptable at this particular time. If Senator Bonnell will let

the original motion go, I think we will have it under way. When that particular "chunk," as I heard it referred to, is finished, perhaps we can look at the area in which he has shown a great interest at this time, if it is not already covered, as Senator Roblin said, under the other inquiry or motion.

Under these circumstances, therefore, either we go along with Senator David's original proposal or else we stand the motion for further study.

Senator Bonnell: Honourable senators, Senator David has agreed to my amendment. Senator Doody, for some reason or other, wants new amendments in order to have more study.

Senator Marsden: No.

Senator Bonnell: I don't understand what he wants.

Senator Doody: Would you like me to have another run at it, senator?

Senator Bonnell: Honourable senators, we have acutely ill people who are in general hospitals or active treatment hospitals that cost from \$300 to \$500 a day; if you do not have an alternative, you cannot take these people out of the active hospital and put them on the street. There must be some kind of chronic hospital which you can move them to; so you cannot study one without the other. You have to have a package whereby you can look after these people who are sick, but you cannot make a policy recommendation to any government that you turn 15 per cent of these senior citizens out on the street because those beds are needed for active treatment. We want to have a policy and a recommendation whereby we can say what we need is to make a certain hospital a chronic care hospital, without all of the active treatment nurses, CAT scans, and extra equipment.

Without a package that will put the study together we cannot have a study at all, because we cannot make any recommendations to do anything with it. Therefore, I will move the adjournment of the debate and bring forward more details tomorrow, if honourable senators do not want to accept my motion.

Senator Roblin: I should like to ask Senator Bonnell if this resolution takes care of his problem. It says:

... to undertake a preliminary study of problems encountered in short-term care hospitals and institutions ...

Incidentally, I think the French expression "*de soins de courte durée*" should be translated as "acute" rather than "short-term" in English. But it seems to me that that encompasses his problem, which would be a short-term study of the problems. The question of bed space and of what to do with people who have no place else to go is part of the acute care problem in the country. I do not think the resolution needs any amendment. It is clear in its own terms. It enables the committee to deal with the point that concerns Senator Bonnell, because what do you do with the long-term people who are caught in these acute care beds?

I think this resolution stands on its own merits. I understand it, and I hope that some of my colleagues do and will agree to support it.

[Senator Doody.]

Hon. Lorna Marsden: Honourable senators, it might be useful to bring to your attention the fact that Senator David's original inquiry had been very broad in the area of health care; and the Standing Senate Committee on Social Affairs, Science and Technology, knowing that it has a general interest in the area of health care, invited Senator David to narrow his subject to the point where a study could be done and completed within a reasonable period of time. There was considerable discussion on this in the Standing Senate Committee on Social Affairs, Science and Technology, both in the steering committee and in the committee of the whole. There was a general feeling within the meeting that the subject matter in this motion—and I think it also encompasses the concerns of Senator Bonnell—would be the best place to start this process.

I draw to your attention that in his motion Senator David has talked about a preliminary study. It seems to me that the concerns Senator Bonnell and various other senators in this chamber have raised from time to time over the last few months with respect to health care will be brought to bear in this preliminary study. Furthermore, although Senator David has narrowed the field in his motion, ultimately, I hope, we will arrive at a longer series of topics in the field of health care.

Senator Bonnell's issues are well taken. They are certainly very important, but I think that they are encompassed by this motion, and his intervention in the debate today will certainly influence the study that is undertaken this summer, which will be considered in the fall.

[Translation]

Hon. Eymard G. Corbin: Honourable senators, with your leave, I would like to put a question to Senator David. As far as the substance or the merits of the proposal are concerned, I have no objections.

However, could Senator David give us some idea of the cost of this study? It is my impression that at the present time, the committee does not have the funds to carry out this type of study. What would the study's scope be? Will there be any travel involved? Will the committee be meeting at various locations in Canada? Will the witnesses be heard here in Ottawa? I imagine you intend to call witnesses and you will of course pay their expenses. I think my question is relevant.

Senator Frith and Senator Doody will remember that quite recently we were told it was all right to refer this question to a committee for study. However, I would first like to have a pretty good idea of the cost involved in this kind of study. Senator David, are you in a position to tell us that today?

The Senate Committee on Internal Economy, Budgets and Administration will have to decide. A sub-committee will have to examine your request. At the present time we have approved over 60 per cent of committee budgets. We don't have much money left for our other customers.

Senator David: Senator Corbin, I have not had a chance to present the budget I intend to submit to the chairman of the Committee on Social Affairs, Science and Technology. However, I did receive our budget after general enquiries, and I

believe that between now and March 31, we should be able to conduct a study, preliminary but nevertheless substantial, for the total sum of \$36,000.

Senator Corbin: Honourable senators, as far as I am concerned, that seems quite reasonable.

Senator David: Honourable senators, as Senator Marsden explained, by restricting our mandate I think we should be able to do a thorough job of collating data for an amount which I consider to be fairly low. We will be seconded by a number of competent individuals whom I will try to supervise to the best of my ability.

I am sure, Senator Bonnell, that in a second study or even during our initial study we will have to consider the aspects you mentioned. Not necessarily to make recommendations but to demonstrate to what extent hospitalizing the aged or chronically ill in active treatment hospitals is harmful to patients who are on waiting lists or have to wait on stretchers in the hallways.

With the unanimous or almost unanimous consent of committee members, we should be able to start the study within two weeks. I feel so strongly about this because I believe there really is an urgent problem in short-term care hospitals.

[English]

Hon. Henry D. Hicks: Honourable senators, I hesitate to inject another voice into this debate, but it seems perfectly clear to me that there has been no proper reconciliation of order No. 13 and motion No. 3. Surely all honourable senators would be able to evaluate this proposal more accurately if Senators David and Bonnell could reconcile order No. 13 and motion No. 3. I am certainly not going to support setting up two committees with overlapping responsibilities, which I think would be the result if we acceded both to order No. 13 and to motion No. 3. Why couldn't the two distinguished and erudite medical doctors get together and bring us a proposal that all of us could understand, so that we would be able to entertain an inquiry to accomplish what we wanted to do without overlapping or duplication?

Senator Bosa: Hear, hear!

Senator David: I am sorry, honourable senators—

Senator Doody: Excuse me, Senator David, but I wonder if honourable senators will agree not to look at the clock for a while so that we can get on with this. We do not want to come back at eight this evening if we can possibly avoid it.

Senator Bonnell: Honourable senators, I moved the adjournment of this debate and I did not think it was debatable.

Senator Frith: Oh, yes, it is.

Senator Bonnell: At any rate, we are debating it.

Senator David and I agree—we agree that all we have to do is not to refer order No. 13 to the committee at all—that is just an inquiry. What we must do is refer motion No. 3 to committee. Order No. 13 is just an inquiry; it can be debated and that will be the end of it. I think we are in agreement on this.

We only have one motion before us, and that is motion No. 3. All I want to do is to make that clear. I have found that a Senate committee cannot study anything unless there has been a reference to it by the Senate, and, when reference is made by the Senate, the committee can only study what the Senate has referred to it. It cannot start studying something else.

What the Senate is trying to refer to committee here is a study of "short-term care hospitals." All I want to do is change the term "short-term care" to "active care hospitals" and "chronic care hospitals." By inserting those two terms one will know which hospital it is—one providing active treatment or one providing chronic treatment. Senator David and I agree—it is Senator Doody, the great physician from Newfoundland, who does not agree.

Some Hon. Senators: Oh, oh!

Senator Doody: Honourable senators, if we are now establishing some sort of set of rules whereby only medical doctors are allowed to participate in debates, we shall have to have some very serious debate on that as well. This is the first time an attempt has been made to set up a class system in this chamber in the ten years I have been here.

Having said that, however, I go back to where I started a few minutes ago, and that is that agreement was reached, presumably, by the members of the committee on which Senator Bonnell serves, to ask the authority of the Senate to allow the committee to undertake a certain study. That agreement was reached outside this chamber. Subsequently, the subject was raised in the chamber and one of the members of the committee asked that the reference be changed to include what, to me, appears to be a wider area of interest.

I do not think I am prepared, as I said before, speaking on behalf of this side of the house, to allow the expansion of the terms of reference that were originally agreed to. If honourable senators agree that there is no expansion of those terms, that there is no intent to widen the scope of this reference, then that is a different matter. I have not been assured of that to date.

Senator Bonnell: Honourable senators, if that question is directed to me—

Senator Doody: I am looking in your direction.

Senator Bonnell: —I can give honourable senators the assurance that I intend to keep the scope of the terms of reference very narrow, concerned with active treatment or chronic treatment for senior citizens. I shall try to bring in a short report on that.

Senator Doody: That is where the honourable senator loses me, because there is no mention of senior citizens or the study of the health care of senior citizens in this particular motion. This seems to be an acute care study. If the Honourable Senator Bonnell assures us that there is no way in which a committee can study acute care systems without going into a much wider study involving an examination of the senior citizen health care situation in this country, then I think that we have to have another look at it. I do not think that the

\$36,000 mentioned here a while ago envisaged a study of the health care system of the senior citizens of this country. Perhaps I am wrong. If I am, then I am willing to be reassured.

Senator Hicks: I think you are right. I don't think it does, either.

The Hon. the Speaker: Honourable senators, there is a motion on the floor, moved by Senator David. I remind Senator Bonnell that he has not worded his motion in amendment, if he still wishes to do so. If not, we will proceed with Senator David's motion. I should like to know if it is the pleasure of honourable senators to adopt that motion.

Senator Bonnell: I move the adjournment of the debate.
On motion of Senator Bonnell, debate adjourned.
The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(See p. 362)

ADDRESS
OF
HIS EXCELLENCY CHAIM HERZOG
PRESIDENT OF ISRAEL
TO
MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS
IN THE
HOUSE OF COMMONS CHAMBER, OTTAWA
ON
TUESDAY, JUNE 27, 1989

[Translation]

The President was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada and thanked by the Honourable Guy Charbonneau, Speaker of the Senate and the Honourable John A. Fraser, Speaker of the House of Commons.

Mr. Speaker: The Right Honourable the Prime Minister.

Some Hon. Members: Hear, hear!

[English]

Right Hon. Brian Mulroney (Prime Minister): Mr. President, that was the kind of warm welcome that I receive every day in the House of Commons.

[Translation]

Members of the Senate, of the House of Commons, distinguished guests, dear friends.

[English]

We are gathered here today to mark the first address to the Parliament of Canada by the Head of State or the Head of the Government of Israel.

We mark as well the first state visit to Canada by a President of Israel.

On behalf of all Canadians, Mr. President, I tell you simply: welcome, you are among friends.

Some Hon. Members: Hear, hear!

Mr. Mulroney: Your ties to our country predate the foundation of the State of Israel.

You were a brother-in-arms to thousands of our fellow citizens who, in history's darkest hour, risked—and, in all too many cases, sacrificed—their lives to defeat the Nazi terror.

The British unit in which you served, from the beaches of Normandy until V-E Day, was attached to the First Canadian Army.

The wreath you will be laying this afternoon at our National War Memorial is therefore an especially moving expression of our personal and national solidarity. Canadians remember that threat to our freedom. And we will never forget the diabolical attempt to exterminate the Jewish people.

The Holocaust is burnt indelibly into our souls, as it must live on in the minds of our youngest children—and then, theirs—so that it can never be forgotten.

You pursued your destiny, Mr. President, in an era that brought about the birth and consolidation of the State of Israel.

[Translation]

Canada played a part in that process by participating in the United Nations Commission that proposed the partition of Palestine, by voting for Israel's membership in the UN and by contributing to the Middle East peacekeeping forces in the hope of stabilizing the region and of bringing peace to your country.

Most of all, in the daring and difficult period of Israel's infancy, when your nation needed friends—true friends—Canada was there. Canada was there over 40 years ago and our friendship and support remain with you today.

[English]

The bonds between Israel and Canada are numerous and deep.

Like Canada, Israel is a land of immigrants which has become a home to a host of courageous spirits from around the world. Canada owes a great deal to the contribution of its Jewish community, whose members have distinguished themselves in an outstanding manner.

I can tell you, Mr. President, that there is hardly a dimension of our national life—from the arts, research, to medicine, the humanities, commerce, politics, to labour, and the law—that has not been improved and enriched because of the dynamic presence of a large and impressive Jewish community in Canada.

Jewish immigrants have laboured and sacrificed and have dreamt great dreams for their children—and on this continent so far away, their fondest hopes of freedom and tolerance, of fairness and opportunity have come true. May I tell you, Mr. President, on behalf of all Canadians, that Canada is an incomparably better nation because of their presence.

Canadians understand the aspirations that have shaped Israeli society from its origins. Canada and Israel share a fundamental commitment to liberty, through respect for individual rights and responsibilities. Common human values and democratic principles lie at the root of everything that unites us.

In all the world, there are few Parliaments as open, as democratic, and as fractious as the Knesset—although this House of Commons comes dangerously close on occasion. Too often for my liking, Mr. President. To listen to the raucous debates in the Israeli Parliament is to hear the pure and persuasive sounds of freedom.

And in all the world, there are few parallels to match the astonishing feat of Israel coming alive, of deserts being made to bloom, of a nation being bound together, in the shadow of hostility and in the agony of war.

The values on which Israel was founded, and which have been tempered in the fire of her national experience, have never been tested more than at this moment. Canadians are deeply concerned because of their friendship for Israel and because of their profound conviction that human rights must be respected.

Indeed, Mr. President, as you so eloquently stated, some three years ago, and I quote:

Israel must be the absolute denial of the theories of discrimination and racism, the loss of human dignity and the negation of man's honour.

The death of a child—Israeli or Palestinian—is an overwhelming human tragedy. Forbearance and restraint—even in the face of intense provocation—are the hallmarks of a strong and a confident nation. Canadians who understand and sympathize with Israel urge nonetheless moderation and reasonableness, in the belief that ultimately such a policy will bring about an equally responsible attitude on the other side.

The name of Israel resounds in human history with the promise of liberation. Mr. President, I can tell you on behalf of all Canadians that you can be assured of Canada's unswerving commitment to the security of Israel and to its status as a legitimate and independent state.

[Translation]

Canada is more anxious than ever to help create in your region a peace based on the security, well-being and legitimate rights of the people of Israel and her Arab neighbours.

[English]

Since the UN Security Council passed Resolution 242 in 1967, Canada has been working in the Middle East to promote a peace based on territorial accommodation, so that in exchange for occupied territories, Israel's legitimate rights will be recognized by its neighbours.

[Translation]

We have continually insisted that the Palestinians and the Arab countries recognize, unequivocally, Israel's right to exist. We have been encouraged by events in recent months which demonstrates this essential pre-condition is being met.

Our conviction is that recognition and respect for Israel's rights is the essential counterpart for the Palestinians realizing their own legitimate rights, including the right to participate fully in the determination of their own destiny and the future of the West Bank and the Gaza Strip.

We are pleased by the growing acceptance of this principle throughout your region. In this respect, we consider it significant that the Israeli Government has proposed holding elections in which the Palestinian people would be able to make their views known clearly, elections that could be a step on the way to breaking the cycle of violence and leading to a just and durable peace.

[English]

The creation of the State of Israel is one of the epochal events of this century. For Canadians, Israel is not simply a place on the map. Israel is a tribute to the deep spiritual beliefs and the unfailing personal courage of a remarkable people.

Israel is a monument to the indomitable spirit of man.

Chers amis, colleagues, it is with great pride that I present to you the President of Israel whom I now invite to address the Parliament and the people of Canada.

Some Hon. Members: Hear, hear!

His Excellency Chaim Herzog (President of Israel): Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Honourable Senators and Members of the House of Commons, Distinguished Members of the Diplomatic Corps, Ladies and Gentlemen.

I thank you, Mr. Prime Minister, for your very kind personal remarks about me. As I heard you, I recalled the comment of the late President Lyndon Johnson on a similar occasion. He said: "My father would have been pleased. My mother would have believed it."

You, Mr. Prime Minister, have been a tried and trusted friend of our people and of our country over the years. As a statesman of world stature and as the Leader of this great country, you are highly respected in our country as elsewhere, and I look forward to your comments and observations on the current situation with great interest.

It is my privilege to reiterate publicly our invitation to you to come to our area and to honour us with your presence in Israel.

[Translation]

You understand how moving it is for the President of Israel, a people with thousands of years of history and a

young democracy reborn, after centuries of struggle and prayer, to have the privilege today to address your illustrious assembly, which is witness to the most exciting aspect of the free world.

I am very touched on this first presidential state visit in the annals of Israel-Canada relations by the honour these two Houses have granted my people, with all it means in terms of dreams, accomplishments and hopes.

[English]

As a fellow democracy, we are proud of the fact that despite five wars, despite the defence and economic burden which it has borne since its inception, Israel has never compromised on the issue of its basic values. Like you, we have never known one minute without democracy. Our democracy faces the most involved challenges—a constant state of readiness, long military and reserve service, and the complex problems arising out of the refusal of our neighbours to enter into negotiations for peace with us, and to understand that we do have the right to live in the area and in our country.

Too often are our problems viewed facilely out of the context of all that is happening around us in the Middle East. In this decade the longest war in this century has been waged in the Persian Gulf—a brutal bloody war motivated by fanatic religious fundamentalism on the one hand, and the ambitions of a megalomaniac dictatorship on the other hand. Tens of thousands of prisoners were shot on both sides out of hand. An unconventional weapon, poison gas, was introduced, and the world stood by in mute helplessness. The number of those killed and wounded was in the millions.

How blind were the so-called experts in analysing the developments in our area. The obsessive fixation with every stone-throwing incident in the West Bank led to a situation whereby the real ominous developments in the Middle East and the real threats to Western interests were overlooked by most observers. Thus again and again the Western World was taken by surprise when the real focus of danger erupted. How can we forget how the free world was taken by surprise by the Soviet invasion of Afghanistan, by the Khomeini revolution in Iran, by the outbreak of the Iran-Iraq war?

It is against this background that we must view the sole bastion of democracy in our region—Israel. A glance at the map of the Middle East must surely emphasize the vital significance for the security of the free world of this solid island of stability, loyalty and friendship to the West.

We see as our major challenge the achievement of peace between us and our Arab neighbours, including the Palestinians. In our Declaration of Independence we held out our hand to our Arab neighbours in a quest for peace. It was rejected, and instead the armies of seven Arab states combined with the Palestinian Arabs in an effort to destroy the embryonic Jewish State before its birth and to drive us into the sea. We fought back desperately without adequate arms, outnumbered, outgunned, and embargoed by most of the countries of the free world. Thanks to our sacrifice of 1 per cent of our population killed and the leadership of Ben Gurion, we managed to survive.

From the moment of its birth Israel stretched out its hand in an offer of peace, but it was rejected. The Palestinians continued along the road of tragedy.

For 19 years, from 1948 to 1967, the West Bank was occupied by Jordan and the Gaza Strip was occupied by Egypt. But the Palestinians were not granted independence, nor was a State established, because then as today the last thing the Arab countries wanted, their protestations to the contrary notwithstanding, was a Palestinian State.

Ten days after the conclusion of the Six-Day War in 1967 the Israeli Cabinet offered to return to Egypt the Sinai Desert and to Syria the Golan Heights in return for demilitarization and peace. The Government prepared for negotiations with King Hussein. The Arab reply to this approach was the Khartoum Summit Conference with its three noes—no to negotiations with Israel, no to recognition of Israel, and no to peace with Israel.

In 1977 the program for full autonomy for the Palestinians proposed by the then Prime Minister Menachem Begin was rejected out of hand. Had this proposal been accepted then, we might by now have been well on the road to a permanent settlement.

We are irrevocably committed to the inexorable process moving toward peace in the Middle East. I am convinced that we will achieve it. For I only have to look

back to 12 years ago today when most of Israel's borders were hermetically sealed and there was no passage of people or trade across them. Who would have dreamt then that today the Israeli flag would fly over an Israeli Embassy in Egypt and an Egyptian flag over an Egyptian Embassy in Israel? Who would have dreamt that 10 years after the signing of the Israel-Egypt Peace Treaty, Egypt would be accepted back into the Arab League while remaining loyal to its commitments to Israel and would, indeed, rightly reassume its position as leader of the Arab world?

Who would have dreamt that this year some 120,000 Israeli tourists would be thronging Egyptian resorts and tourist sites, and that joint Israel-Egypt agricultural projects would be taking place in the Nile Delta and in the Negev in Israel?

Who would have dreamt that over a million people would be crossing annually over the bridges of the River Jordan in both directions, and that daily hundreds of trucks would be carrying produce and exports in both directions? And who would have dreamt that thousands of Israeli Muslims would be making their way to and fro in performance of the Holy Pilgrimage to Mecca?

We have reach a new crossroads. We are experiencing a period of unrest in Judea, Samaria, and Gaza. We deeply regret the bloodshed on both sides as we strive to maintain law and order. We have had to overcome repeated onslaughts in the past, and I have no doubt that we will overcome the present wave of violence which in our eyes poses a threat to the basis of our society and to the peaceful coexistence between Jews and Arabs in the land of Israel. We dare not underestimate the feelings expressed in the unrest, nor should we sanguinely expect it simply to fade away. Irrational and self-destructing persistence has tragically marked previous Arab attacks on Israel. Hatred and violence have led only to bereavement and disaster without solving any problems. Understanding has come too late in every case.

There is no desire in Israel to rule over another people and to direct its life. Let us however not forget that this issue is the subject of a major political debate in Israel. Israel has to face fateful decisions, and I am only too aware of the agonizing reappraisals taking place today both in our free society, and among the Palestinians who live with us in Israel and in the territories.

It is easy to discuss our problems at a distance, to pass judgment, to make speeches, to write articles, and to offer solutions. It is, to say the least, less easy for those who together with their children will have to bear the consequences should they err. Remember, what for others is a matter of foreign policy, is for us a matter of existence. In the current outbreak of civil unrest in Judea, Samaria, and Gaza, the choice facing us is unfortunately not between law and order on the one hand, and negotiations on the other hand. The choice is between maintaining law and order as a basis for bilateral negotiations, or allowing the situation to deteriorate into a new edition of Beirut or Teheran. That is the cruel choice which faces us today.

There is criticism at times of Israel's handling of the maintenance of law and order, and nowhere more pointedly than in Israel, in the Knesset or in the media. However, I have yet to see other countries facing similar situations without the use of force. What more effective methods should we use? Those used by our neighbours including, for instance, the killing of 30,000 people in the Syrian town of Hama by President Assad, or the killing of 500 demonstrators in two days in Algeria last summer? Or should we adopt the methods using during the riots in the inner cities of Britain, or in Northern Ireland, or in the streets of Western Europe, or those that were used once in Watts or Detroit or Kent State?

What other armed forces in the world than ours would exercise more restraint in coping with a society that cynically and cruelly sends its children to carry out acts of violence endangering life on both societies? Remember, a mother burnt alive together with her three children in a civilian bus are no less tragically dead because the perpetrators who threw the molotov cocktail were youngsters. A society's strength is tested by its ability to face crises. I believe that given all the difficulties and with all our shortcomings our society has shown as much maturity and humanity as any other society in similar circumstances. As Golda Meir once said she cannot forgive the Arabs not so much because they kill our children but because they force our children to kill theirs.

Looking around us, how can we ignore the thunderous silence of the world as the city of Beirut has been, and is being, pounded mercilessly by Syrian artillery day in day out, night in night out, as the Christian refugees trying in

small boats to reach ferries offshore to take them to safety in Cyprus, are shelled indiscriminately, as the Lebanese nation is slowly destroyed, as the Christian community of Lebanon largely ignored by the rest of the Christian world, is slowly being decimated and is in dire danger for its very existence? How can we ignore the apathy of the world in the face of this cruel destruction of a nation? Surely the lesson for us must be obvious.

Already 25,000 refugees from Beirut—Christians and Muslims—have crowded into the security zone adjacent to our northern border, instinctively coming to Israel for protection and security.

My friends, all of this is going on at the moment, and has aroused little reaction in the civilized world. In the cruel, distorted, prejudiced coverage by the media of events in the Middle East, the slaughter in Beirut does not warrant the coverage given to children throwing stones in some West Bank village.

We are a free society facing a dilemma. Is it not understandable that Israeli society is torn by doubts and hesitations, and that there is no small degree of scepticism coupled with a legitimate debate in our society on the PLO's real intentions?

In the past few months, the Government of Israel formulated a plan for the movement forward in the peace process in the Middle East. The plan consists of four parts:

- 1) Reaffirming the Camp David Agreement;
- 2) A call for the Arab countries to join in the peace process and recognize Israel;
- 3) That an international effort be mounted to solve the festering problem of the Arab refugees in Gaza and Judea;
- 4) Elections in the Judea and Samaria Districts of the West Bank and in Gaza, whereby the Palestinian Arabs residents of these areas will elect in secret ballot their own representatives. These representatives will be thereby empowered to enter into negotiations with Israel in order to establish self-rule for the Palestinians in the West Bank and Gaza.

Under this self-rule, which is envisaged for a five-year period, the Palestinian Arabs in the territories will rule themselves and will be responsible for everything but foreign affairs and defence.

After a period of three years, negotiations will open with the Palestinians who have been elected, in order to achieve a final settlement.

Unfortunately the situation on the Arab side is not at all clear. Their protestations to the contrary, a large proportion of the Palestinians living in the territories administered by us would accept the Government of Israel's proposal. But since the official PLO line so far has been to set out conditions which in effect negate the spirit and the essence of the Israeli proposals, no Palestinian in the Judea and Samaria district of the West Bank and Gaza will dare risk being lynched or a bullet in his head in order to express his views and support the proposal. In the course of the current year some 50 per cent of all the Palestinian casualties have been inflicted by Palestinians. In the past few months, some 50 Palestinians suspected of views different to those of the PLO have been cruelly and summarily executed. When a Palestinian mayor suggested a truce for Christmas, he was publicly threatened by Arafat that he would end up with 10 bullets in his chest.

What is more, the recent Arab Summit Conference in Casablanca reaffirmed the negative position adopted by the PLO. The PLO policy from a practical point of view, from our point of view, must be irrelevant as long as they are not prepared officially to amend the Palestine Covenant which calls for the destruction of Israel.

We are by now immune to the double-talk which characterizes many of the statements issued by the PLO, each statement adapted to the audience to which it is delivered, immediately to be followed by another statement issued to another audience saying just the opposite.

Thus, Arafat publicly forswore the use of terror. However, acts of terror continue unabated. How can we tamely acquiesce in his declaration that the burning of a Jewish family on an outing in a car is a "military operation" and not an act of terror. The fact is that he does not in effect control his organization. Indeed, in addition to the break-away Abu Mussa group in Syria, components of the PLO such as Talaat Yakub, Habash's Popular Front, Khawatma, Gibril, refuse to go along with him. What validity can one give to the statements made by an individual who obviously does not control constituents of the organization which he purports to lead and represent?

I emphasize, again, that the people of Israel want nothing more than peace. I know of no way to achieve peace without negotiation with the other side. One day a great man arose in the Middle East and came forward, the late President Anwar Sadat, made his demands to the Knesset, entered into negotiations, and today buses leave Jerusalem and Tel-Aviv daily for Cairo and vice versa.

Yes, we are moving inexorably toward peace and that is the major goal of our people, reflecting as it does the prayers of millions who cannot express themselves freely in our area, torn by fundamentalist religious fanaticism. That peace will be achieved because we want it and because the people of the Middle East want it and need it.

In the meantime, as we pursue our struggle in the ongoing search for peace, we continue to develop as a free vibrant society, which stretches out its hand seeking co-operation with all.

In a period of 41 years we have created an open, democratic society in Israel in which the dignity of man is enshrined as a supreme value. We have a free and independent judiciary, a democratically elected Parliament, a free press, and a system of universal education. We have created a highly developed system of agriculture, and an industry which is capable of producing some of the more sophisticated high technology and bio-technological engineering, supersonic planes, and some of the better medical scanning equipment existing today in the world. Israeli-manufactured items are in space ships, and in more advanced planes produced in the United States. We are one of the three more advanced countries in the world—the other two are the United States and Japan—in the development and use of solar energy. We are among the leaders in the world in the field of irrigation, desalination of sea water, and cloud seeding. We are one of eight countries of the world which has been represented in space by its own satellite.

We know our shortcomings, we know our failings, but as a free, vibrant, multi-ethnic society, we are conscious of a continuous effort to overcome them. No society is without its weaknesses, but every society must be judged by the freedom of its population to deal with these inadequacies, by the consciousness of its people of its duty to moral imperatives, and by its willingness to accept the vote of the majority in support of the Rule of Law and of the dignity of man which must be the supreme value in any modern society. Because, as Thomas Jefferson pointed out, "nothing is unchangeable

but the inherent and inalienable right of man". By this criterion we, a small country beset by problems from within and without, constantly maligned in the Community of Nations, are proud of our record in forging a free, open, democratic society.

[Translation]

Mr. Speaker, on behalf of the people of Israel, I salute Canada for the major role your country has played over the years for human freedom, for values that are dear to us and are the foundation of your society as they are of ours. We know Canada's remarkable contribution, both on this continent and in all countries of the world, and the growing importance of Canada's voice in international bodies. Relations between Canada and Israel, which are growing all the time, are of course based on common interests, but also above all on deep affinities.

For a country like ours, you are an example and a source of inspiration. You have opened the doors of freedom to immigrants from countless countries. You are an outstanding model of coexistence between individuals of different cultures and backgrounds who live here in a climate of mutual tolerance and respect for their original identity.

[English]

You have been endowed with the great gifts of nature and have demonstrated how to be worthy of the blessings of Providence by a national concern for a healthy environment which you preserve with fervour and devotion.

In the words of the Sour Dough:

There's a land where the mountains are nameless,
And the rivers all run God knows where—

He goes on:

Wild and wide are my borders, stern as death is my sway,
From my ruthless throne I have ruled alone for a million
years and a day;
Hugging my mighty treasure, waiting for man to come;

Yes, you came and you have succeeded in meeting the challenge of nature and in harnessing it in the cause of the march of progress, science, technology and agriculture for the benefit of mankind.

Your society is distinguished by a special emphasis on aesthetic beauty, cultural advance, and cultural innovativeness in literature, on the stage, on the screen, and in the arts. We share with you immense pride in the impressive Jewish contribution to your cultural and national life.

I thank you, Mr. Prime Minister, Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, and the distinguished Members of both Houses, again for your most kind welcome. I trust and pray that my visit will serve to strengthen the relations between our two peoples sharing our common values in the ongoing struggle for peace and the advance of man.

Some Hon. Members: Hear, hear!

[Translation]

Hon. Guy Charbonneau (President of the Senate): Mr. President, Mrs. Herzog, it is a pleasure to welcome you in our midst and to listen to a Head of State who has had a remarkable career as a soldier, lawyer, businessman, author and politician and who, incidentally, served during the Second World War with British troops under the First Canadian Army, at the Battle of Reichswald.

[English]

Your explanation of the situation in the occupied territories and of the policy of the Israeli Government is very timely. Canada has been actively involved in the search for a just and lasting peace in the Middle East since the era of Lester Pearson.

As recently as 1985, Canada responded favourably to an Israeli-Egyptian request that she participate in the peacekeeping force in the Sinai area returned to Egypt in 1982 under the Camp David Accord, thus ending a decade-long refusal to participate in peacekeeping operations not sponsored by the United Nations.

The Canadian encouragement of efforts toward peace in the Middle East has thus been constant down through the years, as has been the commitment to the right of Israel to exist within secure and recognized boundaries.

Your participation in this exchange of views between parliamentarians does us great honour, Mr. President. It is all the more significant in that, to our eyes, your personality matches that of your country. Neither you

nor the State of Israel can be squeezed into any of the usual categories.

Both you and your country seem to be under the signs of paradox and contrast. Israel never ceases to accomplish natural miracles, a contradiction in terms that makes perfect sense when applied to Israel. This familiarity with paradox has led your countrymen to excel at anticipating the unexpected and preparing intelligently for it.

In your distinguished career, Mr. President, there are also paradoxical elements. Who could have guessed that Catholic Ireland would give birth, in you, to a future President of the Promised Land? On the outbreak of the Second World War, although you were committed to ending the British mandate in Palestine, you did not hesitate to join the British Army. Although a labour stalwart, you were re-elected in 1988 as your country's Head of State by a Parliament in which the right predominated.

Israel has consistently chosen its Presidents from among politicians distinguished for their intellectual activity. After hearing your address today, here in a place where opposing ideas and positions are debated every day, we can see why your parliamentary colleagues once again entrusted you with this high office.

Some Hon. Members: Hear, hear!

Mr. Charbonneau: Well aware of the opposing currents that flow freely in your parliamentary democracy, the Knesset wanted to raise, over those currents, an ironclad guarantee that the society where such diversity of opinion can flourish will be preserved.

[Translation]

Mr. President, your presence here today testifies to the close relationship that exists between the governments, parliaments and peoples of our two countries. These ties should be seen, by you yourself and the people of Israel, as a guarantee of our understanding and our desire to see peace and harmony reign once more in this troubled area of the Middle East.

[English]

On behalf of the Senate of Canada, I thank you for sharing your thoughts with us, Mr. President.

Some Hon. Members: Hear, hear!

[Translation]

Mr. Speaker: Mr. President, colleagues of the House of Commons and the Senate, and distinguished guests: on behalf of all Members of the House of Commons, I wish to thank you for your presence here today, and for coming to visit our country.

I had the great privilege of visiting your country on three occasions, the last being in January 1987, at which time you and I, Mr. President, had a chance to speak privately about your country's problems and our concerns with respect to those problems.

[English]

I think that in this House of Commons it should be remarked that democracy is a constant and open debate on the great issues which confront us. This, I suppose, is accepted by Canadians, because we have created here in our country, at least, one of the most open and free democracies that exists anywhere in the world.

Some Hon. Members: Hear, hear!

Mr. Fraser: That does not mean that there will not be discord and division, but it does mean this: that on the most difficult issues that face us there will be strong and vivid debate. Mr. President, the House of Commons is not a tea party. It is an adversarial forum and, Sir, you will understand that there is no monolithic view in our country about issues whether they are domestic or beyond our shores.

But we in Canada are deeply committed to a concept of free discussion. You are here, Sir, because you represent a sister democracy which has steadfastly maintained the principle which owes its origins back in the mists of our British heritage, that it is better to debate openly our concerns than to repress them by secrecy, or censorship, or indifference.

Some Hon. Members: Hear, hear!

Mr. Fraser: Your country, sir, which from its inception has had to maintain its democratic traditions through some terrible and difficult events, is an example to the rest of the free world.

We are not unaware of the anguish you are presently experiencing. But we are conscious of the fact that your Parliament, your Knesset, debates these issues, that your press is free, that those who support or criticize are free to speak their minds, and that the press is free to report their views. Mr. President, that cannot be said for many parts of the world.

There are here in Canada many people who care very much for your country, and who also pray and hope that with skill, intelligence, decency and compassion, you will

be able to resolve the extraordinary challenges that face you.

[*Translation*]

Mr. Speaker, it is our wish and our earnest hope that peace will come to Israel and its neighbours. I hope that following your visit to this country you and your fellow citizens will realize that Canadians nurture a loyal and constant friendship for Israel and also that they are very much concerned about the safety and well-being of your country.

[*English*]

We have long insisted that Israel's existence must be maintained and must be secured. We are not, because after all we are not living in a dream world, unaware of the situation of others who aspire to dignity and self-respect.

We have done things in Canada that were not believed to be possible. We have created a nation of peoples from everywhere in the world, including our native peoples. We have not been perfect, and the ideal we are following is far from being perfected, but we have come this far by

patience, and some competence, but, basically, Sir, as a consequence of the deep regard for the rights of individuals and their traditions.

This approach, however imperfect, has created with all our faults one of the best countries in the world. It is nonsense to say that Canadians are dull. I am tired of such shallow mutterings. If we are dull, I do not know what I have to do every day in Question Period. But, Mr. President, we have always tried to move to a moderate position. Moderation and a very deep respect for each other has created and I believe will maintain our country.

We say to you, Sir, that perhaps our almost instinctive sense of moderation within a framework of a viable democracy may give you and your colleagues some sense of hope if you face challenges that are more difficult than ours. Mr. President, we are your friends, and because we care for you and your children, our wish, and our expectation, is that you will result your difficulties with wisdom, generosity, and compassion.

[*Translation*]

Many, many thanks, Mr. President for your visit and your friendship! *Shalom!*

APPENDIX "B"

(See p. 363)

THE ESTIMATES, 1989-90

REPORT OF NATIONAL FINANCE COMMITTEE ON
SUPPLEMENTARY ESTIMATES (A)

TUESDAY, June 27, 1989

The Standing Senate Committee on National Finance has the honour to present its

FIFTH REPORT

Your Committee, to which Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1990, were referred, in obedience to the Order of Reference of Tuesday, June 20, 1989 submits its report as follows:

The Committee heard evidence from the following:

Appearing:

The Honourable Charles Mayer, P.C., M.P., Minister of State (Grains & Oilseeds)

Witnesses:From the Department of Agriculture:

Dr. Harold Bjarnason, Associate Deputy Minister, Grains & Oilseeds Branch;

Mr. Gordon Pugh, Acting Director, Impact Analysis, Priorities & Strategies Directorate, Grains & Oilseeds Branch;

Mr. Terry Pender, Associate Director General, Farm Financial Programs Directorate, Policy Branch;

Mr. Bruce Mitchell, Director, Planning & Resource Management, Corporate Management Branch.

From the Treasury Board:

Mr. Allan Darling, Deputy Secretary, Program Branch.

Supplementary Estimates (A), 1989-90 totalling \$435.9 million is the first supplementary estimate for this fiscal year and raises the votable amounts requested from Parliament for 1989-90 from \$43,109.8 million to \$43,545.7 million, and the total estimates from \$131,163.2 million to \$131,599.2 million. These estimates contain one item only - a request for authority to provide grants under Vote 30 of the Department of Agriculture to producers for crop losses due to drought conditions in 1988. This amount of

\$435.9 million is in addition to the \$442 million requested through the Main Estimates, yielding a total of \$877.9 million for this activity. Committee members were told that of this amount, \$850 million is expected to be needed for drought assistance; the remaining \$28 million is for other sundry programs under the grain and oilseeds activity.

The need for these payments was brought on by the 1988 summer drought. The geographic pattern of this drought was erratic leaving the prairie provinces the hardest hit.

This is the sixth time the Department of Agriculture has come to Parliament in the last three years requesting money for a special agriculture support program. The previous five times were for requests of \$2100 million for the Special Canadian Grains Program. That program was intended to cushion Canadian farmers as a result of falling world prices brought on by actions of the United States and the European Economic Community.

This program will cover producers in the five provinces hardest hit by the drought: Alberta (\$80 million), Saskatchewan (\$415 million), Manitoba (\$170 million), Ontario (\$150 million), and Quebec (\$20 million). These numbers are preliminary and are a rough guide to the distribution of money only.

Payments will be made to individual producers on the basis of their acreage, and an assistance rate. This rate will be tied to the severity of the drought in the township of the producer. There will be three classes for measuring the severity of the drought. These will be based on a ratio of crop loss to insured coverage. The most severe is defined as 0.50 and over, moderate being 0.25-0.49, and slight as being less than 0.25.

The government's intention is to have all final payments made by the end of July. Some producers who submitted applications by March 15, 1989 and who were in "moderate" or "severe" areas have already received interim payments. Final payments will contain any adjustments, after all data have been checked, in cooperation with provincial crop insurance agencies.

When this program was first announced in November, 1988, it was expected that it would be a cost-

shared program with the provinces and that the total outlay would be \$850 million. Private negotiations are taking place with individual provinces to determine the extent of their role. In the interim, the federal government is insuring that it has adequate authority to make full payment to producers, and is not constrained by any on-going negotiations.

All members of the Committee were pleased by the response of the government to meet this real need brought on by the 1988 drought. Senators expressed concerns about the program ranging from delays noticed by some producers in receiving interim payments, to a need for a cap on the maximum coverage under this program.

There was a separate issue raised that these Supplementary Estimates (A) were being requested before the Main Estimates were approved. A similar situation arose in March 1987 at which time the government claimed it was following the supplementary estimates route rather than including the full amount in the Main Estimates because it needed all the money before the Main Estimates would be approved. While it might have been possible to have obtained the full amount through interim supply, it would have eliminated the opportunity for Parliament to have examined the request before it was approved. At the time, this Committee reported as follows:

"The Committee understood the need to provide money prior to the end of June, but some Senators felt that it was inappropriate to consider Supplementary Estimates before the review of the Main Estimates. It is suggested that the proper procedure would have been to include the \$700 million request in the Main Estimates, with the entire amount, less \$1, being provided through the interim appropriations bill. In this way, the principle of the request would continue to be before Parliament until the Main Estimates are reported and the appropriations bill proclaimed by the end of June."

(Issue No. 3, March 12, 1987)

Officials from the Treasury Board agree that the Committee's proposal is the proper procedure but, that this case was different; at the time of drafting the 1989-90 Main Estimates, the government had hoped that federal-provincial negotiations would be further along; that the full \$850 million would not have to come from the federal government. While this is still the hope, the need to insure the money is available for producers by the end of July led to this supplementary request. Officials also indicated that even with this request, the approved spending authority remains well within the expenditure plans for 1989-90.

SUPPLY TO DATE FOR 1989-90

One Appropriation Act has been approved in respect of Estimates for 1989-90:

Supply Approved to Date:

Appropriation Act No. 1, 1989-90 granted Interim Supply for the 1989-90 Main Estimates equal to an initial allocation of 9/12ths for all Votes plus 26 additional proportions.

\$33,119,820,020.24

Awaiting Approval:

Supply for the whole of
Supplementary Estimates (A),
1989-90

435,929,304.00

TOTAL

\$33,555,749,324.24

ESTIMATES Tabled TO DATE FOR 1989-90

	To be voted	Statutory (in thousands of dollars)	Total
<u>Main Estimates</u>			
Budgetary	\$42,939,511	\$88,048,601	\$130,988,112
Non-Budgetary	<u>170,275</u>	<u>4,852</u>	<u>175,127</u>
	<u>43,109,786</u>	<u>\$88,053,453</u>	<u>\$131,163,239</u>
<u>Supplementary Estimates (A)</u>			
Budgetary	435,929		435,929
Non-Budgetary			
	<u>435,929</u>		<u>435,929</u>
<u>Total Estimates Tabled</u>			
Budgetary	\$43,375,440	\$88,048,601	\$131,424,041
Non-Budgetary	<u>170,275</u>	<u>4,852</u>	<u>175,127</u>
	<u>43,545,715</u>	<u>\$88,053,453</u>	<u>\$131,599,168</u>

FERNAND - E. LEBLANC
Chairman

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(Subject to change from day to day)

WEDNESDAY, JUNE 28, 1989

NATIONAL DEFENCE (Special)

(In Camera)

257-E.B. 9:30 a.m.

Consideration of the draft report on Canada's Land Forces

TRANSPORT AND COMMUNICATIONS

356-S 12:30 p.m.

*The examination of Bill C-6, An Act to amend the Radio
Act and certain other Acts in consequence thereof*

NATIONAL FINANCE

356-S 6:00 p.m.

*The examination of Bill C-11, An Act to provide borrow-
ing authority*

THURSDAY, JUNE 29, 1989

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

(In Camera)

356-S 9:30 a.m.

NATIONAL DEFENCE (Special)

(In Camera)

520-Victoria Building 10:00 a.m.

Consideration of the draft report on Canada's Land Forces

(Copies of printed proceedings of meetings of Senate Committees available upon request.)



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